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EDITORIAL—SOME HIGHLIGHTS

I. General Economic Scene

State :

Prices and distributive network : The continuing rise in the prices of essential goods in the State since July reported in the last three issues of the Bulletin (pages 527, 579 and 618) was arrested and October saw a sharp decline in the price of rice and the stay of the increase in the prices of edible oil, pulses, chillies, tamarind etc. In the rice producing centres like Thanjavur district there was a 40-50 per cent price fall from Rs. 110 per bag of 57 kg. to Rs. 60-62. Retail prices also fell but with a time lag registering a 20-30 per cent decline from Rs. 4.20 per kg. to Rs. 3.60. Also in the city centres, prices declined but not so sharply as supplies had yet to be moved in from the producing centres—from Rs. 3.50 to Rs. 2.50 per kg. In the case of other essential goods such as edible oils, chillies, pulses etc., wholesale prices registered declines along with a fall in demand at the retail level due to past high pricet and restricted money supply. Pulses sold at Rs. 3-4.50 per kg. groundnut oil at Rs. 8.20 per kg. with similat levels for chillies, tamarind etc. The steep fall in groundnut oil prices led the government to remove all restrictions on the movement of groundnut oil and kernels in October (see Vol. IV page 547). The general fall in prices from October was due to a variety of causes : (a) the general restriction in money supply and the start of consumer resistance to the high prices was beginning to take effect : (b) the Kuruvai harvest as noted in the last issue (Vol. IV page 635) which began tn mid September, brought supplies to the main trading centres and increased rice and paddy stocks, pulling down prices : (c) the 10,000 tonnes of rice purchased from Andhra Pradesh and distributed through the network in the Madras area, plus the 5,000 tonnes purchased from Karnataka and the allotment of 10,000 tonnes of wheat by the Punjab government, all in October, added to the supply position and had a depressing effect on prices : (d) another measure in which the State Government pioneered was the takeover of 500 tonnes of pulses under the Essential Commodities Act which were lying uncleared in the railway sheds at Madras and Tiruchi (2,500 bags) along with 1,000 bags of wheat as part of 107 wagon loads of pulses, chillies and wheat which had been awaiting clearance in the railway yards for over a month. These uncleared goods were in large part imported into the State not by genuine wholesalers or retailers but by middlemen who were going round looking for the highest bidder and in the process creating a furthes scarcity. On the basis of this experience, the Union Government has taken steps to amend the Railway Act so that any State Government can take over any uncleared goods—essential or in demand—after a seven day delay. This would also enable the railway godowns to handle a more rapid turnover : (e) simultaneously the State Civil Supplies Department streamlined, improved and expanded the distribution network which

comprised 57 fair price shops run by the department, 127 co-operatives and 413 licensed private dealers. This outlet was stocked with essential goods on a continuous basis, their numbers were planned to be expanded so that each unit would serve only 3,000 consumers as against 10,000 until October and procedures for distribution of rice, sugar etc. were simplified to reduce the waiting period. The distribution net work has began to cover all main urban centres in the State and covers all consumers both those earning less than Rs. 500 at lower prices and those earning above that sum. Whether prices in the State will return to the pre-July levels will, however, depend on the price movements and the supply and demand forces operating in neighbouring States and the Country. The other menace facing the State and the Country is the growing large, highly profitable adulteration system. Adulterants are moving into the State on a large scale and in the case of fertilisers and tea it is a well organised quick profit undertaking, extending also to all drugs and essential commodities. Apart from strict enforcement, increased production and declining prices are the major corrective force for this menace.

Power : The power supply situation in the State in October was normal with the hydel and thermal plants functioning well as reported in the last issue (Vol. IV page 620). The month's respite was used to deal with some of the long term problems. An agreement with Kerala was concluded for the supply of 200 million units during 1974-75, with an increase in price at 9.5 paise per unit (up from 7.8—8 paise to meet the increased production costs of Kerala). The State Electricity Board's finances were reviewed to deal with the problems of declining revenues estimated at Rs. 18 crores per annum due to the fall in hydel generation, increase in operating costs, management problems and low staff productivity. The current year's deficit is estimated to range between Rs. 49 crores and Rs. 98 crores. Hence in early October the power rates were enhanced for all consumers except the agricultural ones, charging a flat 35 paise per unit rate without regard to the amount or area of consumption, hydel or thermal, with an additional 2 paise per unit for the Madras area. Even so the additional resources for the year will be only Rs. 15 crores, so that management and productivity will have to improve and increase considerably to meet the large deficit. Parallelly arrangements were being finalised to speed up the billing procedures whereby in place of the 3-6 months delay in establishing the consumers bill an on-the-spot billing procedure where the monthly reading of the meter and the immediate billing is to go into effect on December 1. This should be introduced gradually in view of the volume involved (20 lakh consumers scattered all over the State) and the new skills for billing that will be required of the meter reading staff. In fact the first phase should aim at reducing the delay between the reading and billing to one month. Second on the basis of the report of the last group of consultants, the government is going ahead with the Kadambarai pumped storage scheme of Rs. 65 crores on which work was halted (See Vol. IV page 528). Finally the Southern grid established in October the Southern regional load despatching station in Bangalore alongside of the CWPC's load despatch training institute where 150 persons have been trained to date in load despatching and matching power generation with load demands. The Institute is now erecting its permanent laboratories and equipment and buildings at a cost of Rs. 95 lakh for training the southern staff in the increasingly complex power systems.

For the Country generally, the power situation in October was not as low as in

September. The basic problem of the poor storage in 13 of the country's 16 major reservoirs reported upto early October was slightly relieved with the mid and later October rains. The Bhakra in Punjab, Rihand in UP, Bhatgar in Maharashtra, Gandhi Sagar in MP, Hirakud in Orissa, Krishnaraja Sagar in Karnataka, lower Bhawani and Mettur in Tamil Nadu, Ukai in Gujarat and Mayurakshi in West Bengal were not filled to capacity, with only Maithon in DVC, Nagarjunasagar in AP and Tungabhadra in Karnataka so filled. Reviewing the long term implications of this situation, the Fuel Policy Committee in its final report submitted in early October has rightly recommended that subsidising power costs of industries should be carefully reviewed—the power intensive industries operating at high power and load factors have a low cost and the case of steel, aluminium, fertilisers and electro chemicals should be examined on an individual basis. Some correction of power tariff for agriculturists is also suggested. During October, the worst hit State was Orissa where the low storage position in its 3 major reservoirs led to a 51.8 per cent cut on industry supply and ban on power for many commercial and domestic purposes. With the ending of the kharif season and the commissioning of the Bhatinda thermal plant, Punjab began recovering from its industrial shut down as also Haryana, where a 3 day industrial closure was ended and industrial activity slowly revived with resumption of the Badarpur power supply. DVC also was able to provide unrestricted power supply to the Eastern Steel Plants and Coal mines. Delhi ended its load shedding, Andhra due to its improved storage position lifted all power cuts in the State. Maharashtra which at the start of the month intensified its power cut and also faced the results of the tripping of both the Tarapur atomic power units, following unexpectedly good rains relaxed the cut from mid October making it 16 per cent for all types of industries. The long term problem of power shortage will be met only if the programme of installing 5 million kw of power capacity during this year and the next is completed. The Southern Region's installed capacity will go up from 4,512 mw to 9,200 mw during the five years of the plan. This expansion and countering any slippage along with decreasing the loss on transmission are our immediate priorities:

Housing: With the help of a HUDCO loan of Rs. 2 crores, the State Housing Board is constructing (a) 162 middle income group (MIG) flats, 162 low income group (LIG) flats and 275 houses for the economically weaker section (EWS) at a cost of Rs. 1.14 crores in Karunanidhi nagar, (b) 60 MIG flats, 125 LIG flats and 158 EWS houses at a cost of Rs. 77 lakhs as the phase II Tiruvanmiyur scheme, (c) 96 EWS houses at Namakkal at a cost of Rs. 10 lakhs, and (d) industrial cooperative society houses at a Salem at a cost of Rs. 10 lakhs, thus resuming the housing programme of the State. There is a further programme of housing at Tiruchi, Villupuram, Cuddalore and Madurai for Rs. 6 crores which is under study by HUDCO. The houses now under construction are using materials saving cement and steel, involving use of "thin lintel", a prefabricated channel type slab for flooring and roofs which will be of the curved shells type. To ensure the saving of around 20 per cent of cement and 25 per cent steel, the government is setting up a factory on the Vandalur road to fabricate pozzolan which is a mixture of lime and brick powder, which can replace cement with its hardness and lasting quality. Further the Ministerial Committee on subsidised housing for plantation workers set up by the conference of Housing Ministers (See Vol. IV page 479) met in Ootacamund in early

October and recommended a modification of the 1,961 Plantation Labour Act (a) to provide deterrent punishment for plantation owners not meeting their statuatory obligation to provide housing for workers. (b) to provide for State Governments to construct the requisite houses and recover the cost from the defaulting plantations and (c) to overcome the procedural difficulties involved in accepting the second mortgage of property. It is hoped in this manner that the Fifth Plan record will improve on that of the Fourth Plan where of the Rs. 2 crores provision only Rs. 1.6 crores was drawn and Rs. 1.3 lakhs was actually spent by Tamil Nadu and five other States where plantations are functioning.

Madras port and Railways: The Madras Harbour expansion programme outlined in Vol. IINo. 3 page 12, No. 4 page 19 No. 10 page 22 and Vol. IV page 116 is being executed satisfactorily. As of October in the Rs. 6.75 crores fishing harbour project, the eastern backwater of 200 metres has been completed involving some erosion damage to the houses, road and oil pipe line accompanying it and (which is now being safeguarded), with work on the northern breakwater planned to commence after the monsoon in January. The trawler wharf and storage facilities being completed will enable the handling of 40,000 tonnes of fish per annum. The Bharat dock scheme is half way through enabling oil tankers with a draft of 42 feet to come alongside, (for this year's monsoon, however, only 38 feet draft level tankers are being permitted) and further dredging is under way to allow 46 feet draft oil tankers to use the berth by April 1975. In ore facilities scheme the railway yards are nearly complete, the first wagon tippler erected on site in December and the second in March 1975 are being readied so that the first stage of the loading of 4,000 tonnes per hour is completed by July 1975 and the second stage of further 4,000 tonnes October 1975, which means handling exports of 5 million tonnes of ore per annum. In this connection it is to be regretted that, owing to inter ministerial red tape (ministry of finance and ministry of mines), some 200 tonnes of Kanjamalai magnetite iron ore which has been packed in steel drums by the steel ministry for transport to West Germany for testng by its Lurgi factory (See Vol. IV page 497) has been lying in the open in the harbour for over 4 months, awaiting the Ministry of finance foreign exchange clearance. Meanwhile the ore has rusted making its testing difficult and sending up its testing costs to new levels. A further expansion project added to the harbour scheme is in regard to expansion work for handling rock phosphate, sulphur and finished fertilisers imports of 1.5 million tonnes per annum. The project costing Rs. 10 crores is scheduled to start in 1976 and be completed in 1978. The Madras port is thus becoming the second major port in the Country in the bulk handling of the country's export and import traffic. With regard to railway traffic, to relieve the congestion of the Central station, the Southern Railways is acquiring 55 acres of land at a cost of Rs. 2.5 crores in the area adjacent to the present terminus, so that all suburban trains can be originated and terminated in the new facilities that are to be constructed, which will also provide for commercial establishments on the floors above the new terminal. This will also enable speedier handling of passenger traffic and cargo freight.

Water supply and Welfare : The precarious water supply situation in the city has been referred to in the last issue (Vol. IV pages 581 and 622). The Madras Metropolitan Development Authority has with the help of the Tamil Nadu Water Supply and Drainage Board drawn up a sophisticated system of water supply,

involving supply to the metropolitan areas outside the city at the same level as that for the city, investigating and tapping all sources of water for the system including the Krishna-Pennar scheme and an investment of Rs. 127 crores over the years 1973-86 to improve the city's own supply of pipelines. The whole scheme which has now become urgent has been submitted to the World Bank for financing and is under investigation by that body. On the welfare front, in view of the burden imposed on the lower class of government employees as a result of the inflationary conditions, the government announced in early October that it will take over the payment of the contribution of Rs. 10 per month to the Family Welfare Fund payable by each employee. Extended to cover local bodies employees and teachers, this in effect means an increase of Rs. 10 in each person's take home pay. The scheme which is a kind of mortality insurance under which an employee's family on his death receives Rs. 10,000 (See Vol. IV page 623) covers 7 lakh government employees involving an annual cost of Rs. 8.4 crores to the government budget, Now as from 1st November this scheme is being operated without any contribution from the beneficiary and is in lieu of constant salary adjustments, which would be even more of a burden on the strained State budget. Also as part of its special programme for the physically handicapped, the government has set up at Muthukkadu an industrial training cum production centre for training 150 physically handicapped persons a year.

National:

Fifth Plan and Second Yeur Annual Plan: As noted in the last issue Vol IV page 623, the restructuring of the Draft Fifth Plan to take account of the inflationary price spiral was completed by October and consultations with the States to bring the State Plans into line began in November. Tamil Nadu and the other States have been engaged in revising their Fifth Plan in light of the price rice and resource availability situation (see Vol IV pages 407 and 477), and apart from marginal differences the reconciliation of the National and State Plans should be a fairly smooth exercise. The major issue in the recasting of the Draft Fifth Plan is with regard to the estimate of resources. The 30 per cent erosion of the real value of the resources following the price rice during the last year of the Fourth Plan and first six months of the first year of the Fifth Plan has meant that some of the new projects have had to be deleted or postponed to the Sixth Plan. On the other hand, the rate of resource mobilisation has picked up. Against the Rs. 6,850 crores (Rs. 4,300 crores by the Union and Rs. 2,550 crores by the States) of additional resources to be raised during the plan period, during the first year Rs. 800 crores (Rs. 500 crores by the Union and Rs. 300 crores by the States) have been mobilised. This rate of Rs. 4,000 crores of additional resources mobilisation means that the Fifth Plan resources target is attainable and could even be surpassed by an additional Rs. 1,000 crores. To that extent, if there is no further price rise and deficit financing is held in check, some of the priority new investments in wage goods industries can be undertaken. It is necessary for the National Development Council to meet in December, review the whole situation, make decisions on resources, priorities and postponements and approve the Fifth Plan as the definitive Plan. Simultaneously both the Union Planning Commission and the State Planning Units are engaged in preparing the Second Annual Plan. Here again the general direction is that the second Annual Plan level should be the

same as that of the first year's. This is probably inescapable but could be improved on two accounts. First the First Annual Plan level has been reduced by Rs. 150 crores by the Pande Committee to keep down the deficit to the budgeted amount. (See Vol. IV pages 531-532) and for some States like Orissa, West Bengal, UP, MP, Assam, and Gujarat further reduced because of the financing of the relief programmes that they had to undertake because of floods and droughts. This should not be repeated in the Second Annual Plan and should provide some additional resources for the seeond year. There is also the problem of deficits in all the State Budgets (See Vol. IV page 413) which will have to be covered by additional resource mobilisation by the States. The second Annual Plan prospects are thus slightly better than the first year's programme.

Price and anti-inflationary action: The official wholesale price index registered a fall of 0.1 per cent at 329.6 for the week ending September 28. For September as a whole the rise in the wholesale price index was 1.48 per cent, indicating a definitely declining price trend for the first time in the current year. The monthly average price increases this year were 3.6 per cent in April, 3.5 per cent in May 3.2 per cent in June, 2.9 per cent in July, 2.1 per cent August and 1.48 per cent in September. In the last week of September food grain prices fell slightly, while, the prices of fruits vegetables, fish, eggs, sugar rose, involving a net rise in food prices of 0.5 per cent. Prices of fuel, power, light and lubricants were steady, intermediate products, fuel and machinery and transport equipment increased. The price situation was still a difficult one, as for the nine months of 1974 the price rise has been 66 points and 3 months after the resources immobilisation ordinances, food grains had moved up by over 10 per cent, edible oils by 3 per cent, sugar and allied products by 15 per cent, industrial raw materials by 4.5 per cent and manufactures by 5 per cent. However a country wide survey in October showed a downward price trend in all States. In Bombay food grain prices fell by Rs. 15-25 per quintal, sugar by Rs. 140 per quintal, cloth by 15 to 20 per cent, chemicals by 4-5 per cent, and metals by 1-2 per cent. In Gujarat, prices of wheat, rice and coarse grains fell marginally with larger decline in sugar, edible oils, cement, steel and engineering goods. All over the country in fact, prices of iron and steel goods fell sharply from mid October. Delhi reported a fall in prices of wheat and edible oil ranging from 15 to 40 per per cent, West Bengal, MP, Kerala and to a lesser extent other States also recorded similar price declines. It is still too early to judge as to whether the price decline in September and October is a short term seasonal factor or whether it represents trends in the stabilisation of the economy. Certain causal factors for the price decline can be identified. They include: (a) the arrest of over 300 smugglers under the amended MISA Ordinance and the continuing drive against black marketeers and hoarders which brought out supplies of essential goods, reduced black markets and speculative hoards and created a psychology of fear in illegal and anti-social operations, with their effect in the decline in prices. Included in this are the raids against the Bullion markets and forward trading in silver in Delhi and Bombay, and the seizure of undeclared gold and gold ornaments in all major trading centres: (b) the monetary and credit restraints reported in the last issues, (Vol. IV pages 340, 482, 533, 583 and 624) are also beginning to have their cumulative effect in depressing prices. Aggregate money resources are rising this year at one third of last year's rate. Money supply

with the public according to the RBI supplement as at September 27 has fallen in the last 5 months by Rs. 229 crores to Rs. 10,912 crores, compared to the Rs. 214 crores increase in last year's five month period: compared to last year's five month decline in currency with the public by Rs. 82 crores. This year's five month decline ending September 27 has been Rs. 485 crores: aggregate monetary resources at Rs. 17,722 have increased by Rs. 324 crores (1.9 per cent) during the five months compared to last year's five month 5.4 per cent increase (Rs. 807 crores). Similarly gross commercial bank credit has increased during the five month period by Rs. 1 crore compared to the increase of Rs. 245 crores in the same five month periodlast year. It is claimed that in effect there has been credit contraction of Rs. 1,000 crores during the five months through the resource squeeze on the banks and high interest rates, even during the slack season. However the monetary and credit restraints must be accompanied by increased production and improved distribution for the price decline to become a stable feature, as seen in the fact that on the one hand the increases in money supply and prices from October 1972 to September 1973 were evenly matched at 21.8 per cent and 20 per cent respectively, on the other hand between October 1973 and September 1974 money supply increased by 12.9 per cent while prices during the period have risen by 30.3 per cent. To push forward production some selective easing of the credit squeeze for the priority sector seems to be called for (c) A third factor in the situation is the government's financial demands. The September States loans (Vol IV page 579) withdrew Rs. 82.76 crores from the money market, as did the IFC and ARC loans to a net of Rs. 21.5 crores and the TNEB bonds of Rs. 3 crores to which should be added the bonds of other State Electricity Boards. On the other hand as at September 13 the budgetary deficit of the government on the books of RBI indicated a staggering total of Rs. 656 crores comprised of Rs. 547 crores increase in outstanding treasury bills and a Rs. 109 crores decline in the government's cash balances. This deterioration is worrisome because it is in addition to the general and railway supplementary budgets and the large cut in plan investments. It is urgent therefore that 3 economy measures announced by the government in early October are executed fully and promptly: (a) the ban on all new recruitments and filling of vacant posts; (b) the reduction in the staff of ministries like health, education,, social welfare and even agriculture which duplicates the State's ministries in those areas and (c) the stopping and reduction of subsidies to certain ministries like HUDCO, shipping and public undertakings not in the core sector. The road to a stabilised price level in the economy is still a long and hard one and must be followed without let or hindrance by the government, the public and private sectors and the trading community.

State of the Economy: The long view on the poor state of our economy is set forth in two international publications—the one on redistribution and growth by the World Bank's Development Research Centres and the Sussex Institute of Development Studies on the one hand and the Cocotaya Declaration emerging from the UNCTAD-UNEP symposium on the other. The former points out that the poor have become poorer in the Country over the sixties where the rhetoric of Garibi Hatao has replaced planned efforts to reduce inequalities so that today 239 millions live below a consumption level of Rs. 325 per annum and 359 million below the level of Rs. 560. The Cocotaya declaration analyses our problems of poverty, hunger and under-development and trace

them not to lack of physical resources but to our economic and social mal-distribution. On the production and resources side of the economy in the short run there is emerging a wide agreement on the problems and remedies. There are noticeable recessionary trends in certain industries such as machine tools, railway wagons, automobiles, perhaps in steel, textile and iron due in the main part to a fall in demand and a cut back in public sector investment. Some declines in production as in Haryana and Punjab in cement are traceable to the power shortage. The NCAER mid year review in October calls attention to a number of prospective short falls; food grains at 111 million tonnes against the 118 million tonnes target and the short falls in coal (88 million tonnes) steel (4.5) million tonnes), fertilisers (1.45 million tonnes) and railways, jute and cotton. There is an illuminating analysis of the food grain productivity trend in 15 States during the Fourth Plan period in which detailed studies are called for as to why States like Tamil Nadu and Punjab record rising productivity while West Bengal, Kerala, Assam, Andhra Pradesh and Bihar record stagnant or declining productivity. Also after a study of land use, the low yield of HYV particularly of millets suggests the need for investigation, as to whether there is misreporting or wrong use of the seeds. The review estimates a foreign trade gap of around Rs. 900 crores (exports of Rs. 2,700 crores and imports of Rs. 3,620 crores). The remedies proposed are import of food grains of the order of 7 million tonnes, (the government announced in mid October contracting for the import of 4.6 million tonnes) increased operational efficiency of the coal, fertiliser and steel plants and of the power sector to get nearer the target, some relaxation of the credit squeeze, impounding part of the additional incomes of the agricultural sector and a more generous import policy to stimulate wider production and lower prices. There is general agreement on these lines of action in developing what the Minister of Industry calls the social control of industry, which must accompany the monetary restraints policy, to which should be added a purposive and equitable distribution net work and a programme to support the efforts of the small and marginal farmer to increase his income—as part of the effort to reduce our inequalities.

National Production Front :

Industrial growth and public sector performance : Unlike the stagnation in industrial production computed in Vol IV page 483 at 0.2 per cent and estimated by the government at 0·5 per cent for last year due to the fall in production in textiles (—11.4 per cent for Jute textiles and—1.1 per cent for cotton textiles), food industries (—5.8 per cent), chemicals (—0.1 per cent), basic metals (—8.5 per cent) and very small improvements in power generators and mining, the statistics released by the government show a small improvement in industrial production (2.9 per cent) for April 1974 compared to April 1973, which is better than the January record (See Vol. IV page 624 and the January –April average record of 1.8 per cent compared to the first four months of 1973. The reasons for this continued poor performance have been analysed in the previous section. The National Building Construction has for the third year running in 1973-74 showed a net profit (Rs. 15.5 lakhs) totalling Rs. 42.71 lakhs for the last 3 years, with 24 projects under execution and a 50 per cent increase in its output of red brick production. The public sector heavy industry units produced a total of Rs. 214 crores during the first six months of the current year against their target of Rs. 560 crores which will be attained. To

stimulate production, restrictions on diversification have been removed in the machine tool industry as in machinery manufacturing and electrical machinery industries. The Railways however, are not doing well, passenger traffic for April–June being 22.5 per cent less than during the corresponding period last year and 25.5 per cent less than the budget target. Revenue earning tonnage was 4.58 million tonnes less than last year's 3 months and 11.79 million tonnes less than the budget target. The Railways will have to streamline and tighten up their operations to keep pace with industrial demands. A special cell in the Ministry of Heavy Industry was set up in October to help industries with coal and railway problems the timely supply of essential inputs and a monitoring panel on essential commodities output as a means of aiding capacity production of industries.

Steel: September saw an improvement in power supply but a serious decline in coal availability to the steel industry. As a result of steady high availability of DVA power referred to earlier, TISCO increased its production to 103 per cent above its September target to 1.25 lakh tonnes of saleable steel, steel ingots to 1.51 lakh tonnes and iron to 1.48 lakh tonnes. IISCO maintained its production of all three groups as in August. But medium coking coal for steel plants during April-August was only 68 per cent of the target, blended coal 74.3 per cent, involving increased use of prime coking coal (4,16,000 tonnes). If this shortfall continued the modest steel production target of 5.04 million tonnes will fall to the NCAER estimate referred to earlier. The project for a common SAIL workshop (See Vol. IV page 484) is now before PIB for approval. In addition to the needs of the Southern plants whose time schedule is now delayed, Bhilai needs Rs. 14.99 crores, Durgapur Rs. 7.94 crores, Rourkela Rs. 4.5 crores of spares per annum and there are the spares needs of IISCO and TISCO. The workshop will start at Rs. 36 crores production but will have to be expanded to Rs, 90 crores by the end of the Fifth Plan, saving some Rs. 15 crores in foreign exchange. Finally the decline in demand for steel referred to earlier has become serious. The steel controller reports that as from September 1, steel is not being lifted from the stockyards, most articles—billets, bars, blooms, ingots and structurals—are quoted at 200-300 per cent lower price and yet have no buyers. HSL has rented additional ware-houses in Bombay to carry the stocks which all over the Country amount to over 35 lakh tonnes. The report raises the question of decontrol of steel supply and abolishing the post of controller to avoid the absurd position of the trade indenting for 20 million tonnes when the real demand was not in excess of 8 million tonnes. One source of correction is for small industries to indent their steel needs now for further expansion of steel rerolling units which were banned in October 1973 to be strictly enforced in order to correct the imbalance between the 2.2 million tonnes demand for bars and rods and the current production capacity of 3.2 million tonnes, for narrowing, if not eliminating, the price difference between steel supplied through SIDCOs and that supplied through the stock yards; and for some reduction in floor price of bright steel, particularly that exported.

Crude: In October, despite the September decision of OPEC enjoining the companies not to pass on to the consuming countries the increased royalty and tax of 33 cents per barrel it levied on them, Caltex announced an increased price of crude to $ 10.25 per barrel, Burmah Shell to $ 10.40 per barrel and Esso to $ 10.09 per barrel as from October 1. Thus the three companies have raised their prices by

$ 1.5 per barrel during the year and have removed the price difference between the government to government supply which works out to $ 10.50 per barrel and their import prices referred to in Vol. IV pages 187 and 537. In fact the petroleum Ministry points out that allowing for the credit available to government imports, the discounted value of the government imported crude is $1.5 per barrel less than the companies' average price of $10.25 per barrel. Three consequences follow. First if the throughput at the Shell, Caltex and Hindustan refineries is maintained at 3.75 million tonnes, 1.25 million tonnes 2.75 million tonnes respectively, the government will have to pay the refineries Rs. 72 crores more in a full year. Immediately to meet the price increase, there is demand that the government should allocate an additional Rs. 80 crores over and above the Rs. 1,118 crores for crude imports as reported in Vol. IV page 484. The government should first impose some further reduction in petroleum products consumption before providing for any increased foreign exchange outlay. Second the refineries have begun operating on large overdrafts and bill market schemes following the withdrawal of credit facilities by foreign suppliers of crude. IOC is working with a Rs. 80 crores overdraft and Cochin Rs. 15 crores, involving the payment of Rs. 12 crores this year in interest charges. Third the negotiations for the takeover of Caltex and Burmah Shell now underway will not follow the Esso pattern as suggested in Vol IV page 536. The government has now nothing to gain from allowing the foreign companies to retain a minority share holding, as their crude prices are on a par if not higher than government imports. Under these changed conditions the government should take over on the basis of book value of their assets and not on the equity value as in the case of Esso. All this gives urgency to the government contracting with oil producing governments to replace the foreign oil companies' imports. The agreements with Iran, Iraq, Saudi Arabia, Abu Dhabi and the agreement concluded in October for 2 million tonnes from Libya as well as reversing the arrangement to exchange a further 2 million tonnes from that country for fertilisers, should be reviewed and firmed up. Economies in oil consumption should be intensified including the 2,00,000 tonnes of lubricating oil which with special plants like Chemoliums in Madras can recycle the used oil and so save a large component. Increased indigenous production also is an urgent option, as the second well at Bombay High which started drilling in October should be followed by investment decisions for six or seven more wells. For this year and next, some relief will also be obtained from drawing on the IMF oil facility (See Vol IV page 485) to the extent of 200 million SDRs (Rs. 180 crores) against the quota entitlement of 500 million SDRs. Above all the recommendations of the Fuel Policy Committee should be acted upon involving (a) the building up a crude buffer stock to insure against short term break downs, (b) a review of refinery locations, their product mix, feed stock choice in fertilisers and the secondary processes, (c) keeping at par the prices of kerosene and HSD and if differential taxation is called for, it be through taxing tyres and tubes and spare parts (d) discouraging at least for the present long distance transport by road and increasing the railway traffic capacity, which goes against the recommendation of the road transport conferences recorded in the last issue (Vol.IV page 621) (e) giving top priority to oil exploration at Bombay High, Tripura Cachar, Ganga valley, where a seismic ship has started survey by exploratory drilling in Saurashtra, Jaisalmer, Kashmir and Andaman and Nicobar (the prospects in the Kerala and Cauvery cost have been overlooked), and (f) pri-

cing indigenous crude at the long term cost of production and government collecting as tax the price differential.

Coal: With regard to coal and other source of energy, the recommendations of the Fuel Policy Committee are sound and provide the basis for immediate action. They are: (a) coal should be the primary source of the Country's energy which at the end of the Fifth Plan will be 135 million tonnes of coal, 34.4 million tonnes of oil products, 120 billion kw of electricity, and 123 million tonnes of fire wood, charcoal and dung cakes which should enable popularisation of gobar gas plants as the solid domestic fuel: (b) new fertilisers projects should use coal as feed stock: (c) an increase of soft coke movement from Bengal-Bihar to urban centres and the second mine cut at Neyveli to increase Neyveli power generation to 800 MW: (d) captive power plants not recommended but more power plants near coal pit heads; (e) the conservation of the coal reserves particularly prime coking coal through intensified R & D: (f) the movement of coal by railway and by pipe line for a 1,000 MW supra thermal power station: (g) coal pricing should be based on geographical areas and aim at a 10 per cent net return: and (h) as repeatedly referred to in Vol IV pages 19 & 349 the creation of an Energy Commission and Board to oversee the execution of this policy. FCI following the report, which has 3 coal based fertiliser plants under construction has feasibility studies on similar coal based fertiliser plants at Giddi in Bihar, Margharita in Assam & Kamptee in Maharashtra and plans similar studies for plants in UP and MP. Further British machinery producers are providing BCCL and CMAL Rs. 6.4 crores of machinery to increase their coal production by 3.5 million tonnes a year. And CMA reports an increase in the production and despatches of coal during the first half of 1974-75, production by 26 lakh tonnes and despatches by 29 lakh tonnes, with improved wagon availability. It is hoped that this trend will be maintained for the year.

Nationalised Mills and Textiles: Both Maharashtra nnd Tamil Nadu have asked the Union Government that the State Textile Corporations should manage the nationalised (sick) mills reported in the last issue Vol IV page 628 in the interest of efficiency and economy. Their expertise and relations with labour should be used in this matter effectively. On the textiles front, the new export cum controlled cloth scheme operating from October 1 wherein in place of the government proposal for the mills to export 16 per cent and produce 24 per cent of controlled cloth, the mills proposal for 30 per cent of packed production or 8.60 sq. metres per loom shift is running into difficulties with the declining international textile prices and a fall in domestic demand. The mills reported a stock accumulation of Rs. 750 crores in October and proceeded to close the third shift and lay off 5,000 workers. To what extent this is due to consumer resistance, to high prices or to the decision by the mills to cut back production to maintain short supplies has to be investigated. In the meanwhile, the government has persuaded the mills to cut cloth prices from 25 to 40 per cent and resume the third shift. South Indian mills have reduced prices by 25 per cent for handloom weavers, with the State Government financing the Apex societies to purchase the yarn for the handloom industry. The textile industry situation needs to be investigated further by the panel set up by the government in October on the stock accumulation problem in particular.

Sugar: August sugar production was reported at 20,000 tonnes (compared to

30,000 tonnes in August 1973) making the first 11 months' total 39.29 lakh tonnes including 32.53 lakh tonnes for internal consumption and 3.92 lakh tonnes for exports and the closing stock at 11.24 lakh tonnes. On all sides there is agreement on the urgent need to increase production and so in addition to the cane prices announced as reported in the last issue Vol IV page 628, the government announced a detailed scheme of rebate on the excise duty on sugar to boost production under which an excise rebate of Rs. 60 per quintal on free sugar and Rs. 16 per quintal on levy sugar will be granted for excess production in October–November of this year over the average of these 2 months over the last 5 years and other detailed rebates. The mills are by amendment of the 1966 Sugar Cane Control Order to share with the cane growers the excess realisation from free sale of sugar and offer them better prices. There are the usual criticisms that the rebates are too little and too late and that they should have been announced earlier at higher levels. The sugar co-operatives ask for total control. The industry has made very large profit in July and August from the high prices and must now offer the cane grower an adequate price to increase production to reach the plan target. In the meanwhile Iran has offered a Rs. 200 crores credit to build 20 large mills to meet its sugar demand.

Fertilisers: The fertiliser supply situation in the South is bad. All its major units have suspended production due to technological snags. Madras Fertilisers with its Rs. 40 lakh daily turnover has been out of commission since the fire damage in June, (Vol IV page 498) Coromandel with its 3 lakh tonnes capacity is still completing its overhaul, FACT is working partially because of its idle urea plant, Neyveli has stopped due to mechanical problems and SPIC's commissioning has been delayed. For the Country this means more imports to meet its minimum need of 3 million tonnes of nitrogenons fertilisers. Japan will be supplying 2.2 lakh tonnes of urea for the season January-June 1975 under the October agreement. The 1.5 lakh tonnes expansion of Trombay IV at a cost of Rs. 47.7 lakhs will begin to produce the badly needed increase in 1978.

Agricultural Production: The first priority in October is the supply of food grains to the drought hit States of Orissa, Gujarat, Rajasthan and Bihar, increasing the supply by 7,000 tonnes to Orissa, and 10,000 to 20,000 tonnes to the others. The kharif harvest which in early October was estimated at a disastrous 55 million tonnes, due to good rains was, at the end of October expected to be 60 million tonnes. The crop reports from the States showed a fairly good outturn of paddy in Andhra Pradesh, Karnataka, Tamil Nadu, Maharashtra and their share in Punjab and Haryana. On the other hand decreased outputs are expected from Bihar, Gujarat, Himachal Pradesh, Madhya Pradesh, Orissa and Rajasthan. In West Bengal the output is expected at 60 lakh tonnes leaving a deficit of 20 lakh tonnes. Jaisalmer in Rajasthan has almost totally lost its kharif crop and in some 6 other districts 80 per cent of the crop was lost. What has saved the kharif crop in the Country from a severe reduction is the good monsoon in the Southern region and Maharashtra and the courage and ingenuity with which the farmers in Punjab and Haryana fought back the drought and used all available means to irrigate the withering rice crop. It is against the background of the possible availability of

60 million tonnes of kharif and a possible 45-48 million tonnes of rabi food grains, that the government has to date purchased 4.6 million tonnes of food grains abroad and has accepted the offer of 1 million tonnes from the U.S. and 1 million tonnes from ECM, (700,000 tonnes of which are commercial purchases). The government hopes to have 10 million tonnes available for public distribution, which is an insufficient minimum. Further the programmes are now underway to make up the deficit in internal production. The first is a pre rabi programme in five selected areas-the Krishna area of Andhra Pradesh, the Cauvery delta in Tamil Nadu, the Tungabadhra area of Karnataka and the flooded areas of Assam and Bihar where an additional paddy crop will be grown before the rabi rice crop and in addition 20 million tonnes of tuber crops (7 million tonnes of tapioca, 7 million tonnes of sweet potato and 6 million tonnes of potato) will be grown. The second programme is to expand and intensify the rabi crop for which some Rs. 200 crores are being mobilised from various parts of the Annual Plan both of the Union and States. Detailed studies have been completed on the basis of the October rains to identify areas of high growth potential and the crop variety and farming practices to be followed, on which basis, seeds are being supplied, manuring and other inputs proposed and inter cropping pattern advised by a toned up extension service. Maharashtra will use its rains for extensive sowing of early maturing hybrid jawar over 4 lakh hectares along with safflower, gram and hardy crops. Along with the main crop in other States, inter cropping of sugar cane, cotton, pulses and groundnut and tuber crops are being programmed. Rabi wheat, if the farmer is provided with pure seed of the dwarf HYV and matched with a small fertiliser dose and scientifically cared for, could produce 30.5 million tonnes this year. The new forest policy emerging from the October meeting of the Central Board of Forestry with its emphasis on growing more trees and replacing all felled trees will not only help soil conservation but will be a major source of green manures for out fertiliser short farm industry. The development of vegetable cultivation in Haryana on a mass commercial scale covering 93,000 hectares is a further means of diversifying the farm sector in all States.

Export: The April-August export figures published by the Ministry of Commerce show a 48.5 per cent increase over the five months of 1973-74 at Rs. 1,265 crores, bettering the first four months effort referred to in the last issue (Vol. IV page 631) and at this rate the exports for the year may well be 34 per cent higher than last year's 23 per cent record (See Vol. IV page 357) at Rs. 3,400. Some of the positive aspects are the increased price for ore exports to Japan at $ 2.25 per tonne of Bailadillia ore so that the 10 year contract to supply it with 61 million tonnes will be at $ 14 20 per tonne, subject to further increases and a similiar high price export of 8.75 lakh tonnes of ore to Western Europe. The ore exporting countries have formed a co-operative Union which is to be formally ratified at Geneva on November 4-6. In the Fifth Plan India aims at exporting 35 million tonnes and with Australia and Brazil accounts for 60 per cent of the world ore exports. The leather goods exports in October secured an order of Rs. 7 crores from the Soviet Union, GDR, Bulgaria and France with a further Rs. 6 crores orders expected from UK and France. Basic chemicals exports for April September amounted to Rs. 50.07 crores, a 50 per cent increase, similarly, engineering goods exports are expanding particularly to Western Europe under GSP, from Rs. II.2 crores in 1972-73 to Rs. 20.66 crores in 1973-74 and for this year the

target of Rs. 25 crores is likely to be attained. On the other hand the handloom and garment exports are contracting, the former declining from 6.9 million garments in May to 3.03 million in August, and with no orders since September for handlooms. In both cases Indian prices are 15 to 25 per cent higher than exports from Hongkong, Taiwan and Pakistan and are losing ground in competition with them. Again though ECM has increased India's textile quota by 507 tonnes until the Multi-fibres Arrangement is finalised the recently announced ECM plan for burden share seems to freeze Indian textile imports into the UK on those lines in which Indian textiles are most competitive. There are other disquieting features in India's export boom. As pointed out in Vol. IV page 540, a major part of increases is due to international inflation : too much of the export increase is due to the good performance of a few commodities like sugar, basmati rice, cement, silver ore naphtha; there is the threat of recession in the developed countries which will counteract their imports : the new products have not yet found a stable export market : India's share of world exports are on the decline (See Vol. IV page 589) and imports are rising faster than exports, so that our foreign exchange reserves fell by Rs. 155 crores between June 28 and October 4 and we have had to borrow Rs. 180 crores from the IMF oil facility. Under these conditions, the two-tier co-ordinating machinery at the States and Union level recommended by State ministers conference along with revision in sales tax, Octroi and the restoration of export incentives, provision for adequate export credit, organising of raw material banks by States, supply of needed raw materials and improved management and quality production should be undertaken as a means of a long term growth in exports.

Aid: In October India was offered 41 million kroners (Rs. 53 crores) aid by Norway for the development of fisheries, fertilisers paper and family planning programmes. Also in the same month the World Bank made available a credit of $ 17 million for plant power generation at the FCI plants and FACT, Alwaye.

International :

Bangla Desh: The three year Indo-Bangla Desh trade agreement signed in September 1973 (See Vol. III page 636) has had a poor start. At the end of the first year, instead of a trade of Rs. 60 crores between the 2 countries, the goods exchanged were valued at only Rs. 14.33 crores. The imbalance even in this reduced trade was serious, with India's exports being Rs. 10.48 crores and Bangla Desh's only Rs. 4.05 crores. The basis for a growing mutually advantageous trade is there. India needs Bangla Desh's fish, jute, newsprint and Bangla Desh needs India's cloth, cement, steel, engineering goods, and medicines. The decision to prolong the agreement upto December 13 will not help in its implementation. The through running of railway wagons into Bangla Desh from October 1 can help : what is further needed to promote trade is to stop the illicit border trade between the 2 countries, to simplify trade procedures, to provide Bangla Desh with a long term credit to cover the existing deficit, to scrap the barter basis of trade and commericalise it as normal foreign exchange dealings. There is need for a more effective effort on the part of India to meet Bangla Desh's urgent needs. In addition to the 4,000 tonnes, Bangla Desh exported to India a further 1,500 tonnes of newsprint in October. Another area where Indo-Bangla talks are still dragging is in the water field where the 11th meeting of Indo-Bangla Desh Joint Rivers Commission

adjourned in early October without reaching useful conclusions. The problems of water storage and augmentation of river flows are urgent for both countries. Reservoirs on the Brahmaputra and the Meghana need to be planned on a multi purpose basis to provide irrigation for paddy cultivation and increase its cropping intensity. The Farakka barrage scheme problem needs to be tackled on both a short term give and take basis and on a long term one through a link canal. The Indian side needs to do much more of studies and basic ground work to push forward the task of this important commission.

World Monitary reform: As forecast in the last issue (Vol. IV page 632), the World Bank—IMF meetings in September ended with endorsing the world monetary reform plan summarised in past issues of the Bulletin. The major decision was the setting up of a Committee of 20 finance ministers chaired by Canada's finance minister which starts an interim advisory committee and becomes an executive body when three fifths of the member countries representing 85 per cent of the voting power of the Fund ratify its establishment. The committee's functions are: (a) to keep under review how countries deal with their balance of payments problems and supervise global aspects of development aid; (b) to amend the articles of the Fund; (c) to expand the oil facility and (d) to deal with the problems of recycling the surplus oil dealers. The most immediate problem is the last recycling of the petro-dollars which aggregate for the oil producing nations a current account surplus of 60 to 80 millions. The OECD computes that the current balance of payments deficit in oil account of its 24 member countries will be around $34,000 million and this year it is $ 39,000 million. There is no agreement as yet as to the amount of the oil facility. U.K. and most Eurpean countries have proposed a fund of $30,000 million to help industrialised countries pay their oil bills. U S. and West Germany feel that it is too large a sum for the present. U K. also proposed a double mechanism for the fund, consisting of borrowing from the oil producing countries at 7 per cent and a second mechanism to borrow at a slightly higher rate. It was also proposed that the developing countries should be charged 3 per cent interest. There is also no agreement on the machinery. U.S. wants the use of the existing international financial market and international banking system which have already re-lent 15,000 million petro dollars to the industrial countries. France wants new institutions and use of all agencies. U.K. and West Germany would like to combine the U.S. and French proposals. This recycling of petro-dollars—the volumes, terms and machinery—is the interim committee's first task. Second there is the question of giving the oil producing states more of a voice in the Bank and the Fund commensurate with their new resources. On this a consensus is emerging that at next year's five yearly review of the fund, its quotas should be increased by 25 per cent from the present 30,000 million SDRs in which U.S. holds 21.3 per cent of the votes, U.K 8.97 per cent, West Germany 5.16 per cent, France 4.85 per cent and Japan 3.86 per cent. The IMF's staff wanted a 100 per cent increase in the Fund quotas to meet world inflation and the oil resources, but U S. and West Germany's opposition led to the present compromise 25 per cent. The major part of this increase will have to be distributed to the oil producing countries so that they have the same kind of voice in the decisions as the five largest members. This is of course opposed by the five but is inescapable, and one of the tasks of the interim committee is to apportion the

increased quotas and get all including US and West Germany to agree to the increase in world liquidity through the creation of additional SDRs. A second decision of the Annual meeting was the setting up of the Development Committee with the Ivory Coast Minister as chairman, to co-ordinate the flow of foreign aid to the developing countries. This joint committee of the World Bank and IMF decided at its first meeting at the end of the Bank and Fund meetings to concentrate on analysis of the situation of the most seriously affected and least developed countries and the outlook for international commodity prices. It is to be hoped that through these decisions that the aid flow will be stepped up and the development aid link of the SDRs will be forged. The oil facility now at $ 3.4 million will be exhausted by next year, when a further $ 5.7 million sum must be contributed by the oil producers, and the developed countries—despite US and West German opposition. The World Bank's 36 billion three year plan has been endorsed, despite U.S. opposition :

World aid : It is instructive to compare the World Bank's computation of the additional external capital needed by developing countries as a result of the oil crisis summarised in the last issue (Vol. IV page 632) with the payments deficits of the secountries computed by United Nations Emergency Operations which identifies 28 developing countries as most seriously affected by the soaring prices of imported goods, and which need $ 2,257 million this year and $ 2,295 million next year to meet their payments deficit. Four countries, India, Pakistan, Bangla Desh and Tanzania account for 65 per cent of these deficits. In the case of India the deficit is computed at $ 820 million in 974 and $ 880 million in 1975. (Except for Guyana, El Salvador, Haiti, Honduras and Yemen, the other 19 countries are from Africa). On the other hand the World Bank estimated that the OPEC States will increase their GNP from $ 76 billion in 1973 to $ 411 billion 1980, their GNP per capita from $ 951 in 1973 to $ 4,240 in 1980 and that of the industrialised countries from $ 4,735 in 1973 to $ 11,980 in 1980, OPEC foreign exchange reserves and external investments will increase from $ 24 billion in 1973 to $ 624 billion in 1980. (Already in 1974 the U.S. treasury reports that the Arab OPEC countries have invested $7,000 million in the US and $ 3,000 million in the UK out of their total surplus of $ 25,000 million). It is tragic therefore that the UNEO reports that at mid October only $ 1,500 million in goods and cash have been pledged against the $ 2,300 million needed by the 28 most seriously affected countries—this inspite of the fact that aid given bilaterally as well as through the UN is taken into account. For the future $ 1,500 million have been pledged. This year's pledges included $ 286 million in US food aid, $ 150 million from ECM $ 380 million from Iran, Japan $ 100 million, United Arab Emirates $ 117 million, and contributions from 13 other countries. The U.N. emergency aid programme will be functioning at less than half its target and much less than that if bilateral aid which is the major part is left out.

World Food : Three international estimates, by the United States Department of Agriculture, the International Wheat Council and the Commonwealth Secretariat, forecast a revised lower tight food grains position for this year. The U S wheat estimate is lowered by a million tonnes at 381.6 million tonnes because of its lower spring wheat crop and that of the Soviet Union. The International Wheat Council estimate is about the same as the U. S. (as it omits China) but balances export availabilities and import demands at 57.5 million tonnes to 60.5 million tonnes. The Commonwealth Secretariat has a lower estimate of world

grain supplies because of low production in North America, Asia and Africa resulting in shortages. Whether these forecasts are responsible or not, it is shocking that the UN World Food programme has announced suspension of 1,600 million food aid projects, involving cancelling 5 approved projects, delaying II others and slowing down existing projects for the lack of 1,00,000 tonnes of wheat, 1,30,000 tonnes of other cereals, 3,000 tonnes of powdered milk and 19,000 tonnes of oil and butter. This certainly gives point to the FAO warning that decline in food grains availability and the 46 per cent rise in the price of cereals which has taken place just this year and which slowed down agricultural export to 6 per cent will along with the 4 billion population reached in mid October by the world lead to a world cereal gap of 85 million tonnes by 1985 for the developing world. 8-12 million tonnes of food grains should be immediately made available to the needy countries-mainly the 3 in this sub continent and Sahelian Africa—leading to the setting up of a Food Reserve Fund by the World Food Conference and programmes to expand food production. There are two back drops to this world food picture; first a U. S. Government study indicates that the decision of the four food surplus countries—US, Canada, Australia, and Argentina—to cut down production from 120 million acres to 80 million acres as from 1969 which has led to the current world food shortage. The study projects that there will be huge surplus in rich countries (51.9 million tonnes) and huge deficit in poor countries. (47.6 million tonnes) by 1985 which is more than double the food gap. What is needed is increased production in the poor countries, restraint in population increase change in consumption patterns and a system of easy exchange. The second back drop is the prospect of a world slump with US, Germany, France, UK and Italy all reporting a jump in their unemployment figures, bankruptcies of some large business houses and a slump in their money markets. No time can be lost in putting into effect the new International Economic Order decided by the UN special assembly last April (See Vol IV pages 361-362) which will meet these multifaceted problems.

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II Agricultural Development

Paddy:

The kuruvai harvest was completed in early November and it is estimated that 6 lakh tonnes of rice of the harvest has been marketed and 2 lakh tonnes in the process of procurement by government. Of the total cultivated kuruvai are of 4.81 lakh acres in Thanjavur district, 4.23 lakh acres were actually under cultivation this season, 46 per cent under karuna and the rest under IR-20. The Thaladi cultivated area is expected to be 3.5 lakh acres and Samba over 7 lakh acres. For the State as a whole HYV Karuna was sown over 70 per cent of the Kuruvai area. On the

procurement and price side, in the Thanjavur district the Civil Supplies Corporation through its 330 purchase centres, (the FCI will have 92 purchase centres) and 69 authorised agents (private millers) is purchasing paddy from the farmers. Despite this wide net work supplemented by 10 mobile purchasing vans there are pockets where the farmer is not able to sell his paddy. In Tiruchy district of the 55,000 acres, of kuruvai crop raising, the district authorities compute that 26,000 acres are subject to the producer's levy from which 16,000 tonnes will be procured. As at the end of October the government had procured 13,324 tonnes of rice from the kuruvai crops, (1,712 tonnes from Thanjavur and the rest from other districts). The price fixed by the State Government as pointed out in the last issue (Vol. IV, page 635) is different from the Union Government's price which is Rs. 74 per quintal for coarse varieties. The State government which had to announce the price earlier fixed the price as Rs. 85 per quintal for course varieties, Rs. 90 per quintal for medium, Rs. 95 per quintal for fine and Rs. per 98 per quintal for superfine varieties. This means that the procurement price offered by the State Government is Rs. 51.30 per 57 kg. of paddy of medium varieties, which are the major part of the kuruvai harvest. In October, prices which had been earlier ruling at Rs. 65-70 per bag, fell to Rs. 51.30–52 per bag as the kurvai paddy arrived on the market and could not be transported out of each district because of the movement restriction. There remains the problem of reconciling the All India and State prices. Programmes are also under way for the Navarai season in Chingleput, North Arcot and South Arcot for increased paddy production and for Thaladi and Samba in Thanjavur and Tiruchy districts. In the three navarai crop districts HYVs (IR-8 and IR–20) are being sown over 5 lakh acres replacing conventional varieties and resulting, it is hoped, in increased paddy production from 1.5 to 2.5 tonnes per acre. The intensive Agricultural Area Programme (IAAP) has been extended to North Arcot and South Arcot districts, where with additional agronomy and information staff, farmers are being trained in optimum well water irrigation and improved cropping pattern. Now 8 districts in the State have come under (IAAP), the other five being Chingleput, Tiruchi, Coimbatore, Madurai and Tirunelveli, 2,300 tonnes of green manure at a cost of Rs. 21 lakhs have been made available for the Navarai farmers. The Navarai and main Samba crop which will come on the market in January-February will be a large one and till then the 3 lakh tonnes of the kuruvai crop procured will be adequate for feeding the public distribution system.

Other crops:

With the October rains filling 77 out of the 316 irrigation tanks in the North Arcot district and increasing the irrigation supplies in Chingleput and South Arcot districts, not only is the Navarai paddy prospect improved, the department is intensifying the January-April cultivation of black gram and green gram in the districts. A new green gram variety PS–7 with a 70 day duration yielding 400-500 kgs per acre is being introduced from the Kudumiamalai station in the 3 districts to increase the crop from 2.1 lakh tonnes to 2.5 lakh tonnes. Potato cultivation both in the hills and planes is being intensified with the introduction of several new varieties, particularly Kufri Jeevan and Kufri Jyoti, which are 120-150 day duration, disease resistant and yield 250 quintals and 1,000 quintals per hectare compared to the 33 quintals of the ordinary varieties. Some six other varieties are being field tested for release in the

future. The Rs. 5 crore 5 lakhs tapioca scheme referred to in the last three issues (Vol. IV pages 494, 547 and 636), and referred to earlier in this issue is being readied. Apart from the Coimbatore cultivation, 2 lakh acres in Salem are growing the crop, which has been to some extent set back by the Mosai pest now being eradicated. Seed farms are developing HYVH-165 with a yield of 30.5 kg. per plant for full coverage of the 5 lakh acres by 1975 December. Sericulture development in the State will be expanded with the launching of the 2,000 acres scheme by the Thudiyalur Co-operative Agriculture Services with the financial aid from the nationalised banks.

Cotton :

Until the general popularisation of CBS-156, the Department has extended the growing of the hybrid strain Varalakshmi, over an area of 6,000 acres, over two thirds being in Madurai district and Periakulam. Yielding 16 to 18 quintals per acre with a staple length of 37.32 inches which can be spun to 60 to 80 counts yarn, its further extensive cultivation in this State, and Andhra Pradesh and Karnataka can save the country the Rs. 120 crores in the import of Sudanese cotton. Another development in October was the first comprehensive crop insurance scheme launched by EID Parry, General Insurance Corporation of India and the State Bank of India to cover MCU-5 cotton crop farmers in 1,000 acres in the Sathyamangalam area. The scheme provided a level of indemnity at 400 kg. of kapas per acre, with the compensation at Rs. 3.87 per kg. of kapas—in relation to the reduction in the yield. The department has provided the farmers high quality pure MCU-5 cotton seeds and SBI 100 per cent financial assistance to these farmers. The cost of cultivation included the cost of the farmer's labour and his other inputs. The problems of crop insurance were analysed in Vol. IV pages 436-437, and on this rather small scheme and its successful operation and the inducement it offers to the cotton farmer to extend and intensify his cultivation will depend its further extension.

Sugar Cane :

Sugar cane growers are dissatisfied with the cane price for the 1973-74 season offered by the present companies compared to that offered by co-operatives (which were about double that of the farmer) and the 1974-75 season price announced by the government (See last issue Vol IV page 628). The costs of cane cultivation have risen and the exact amount of the rise needs to be immediately investigated. The demand is for doubling the minimum price announced by the government, accompanied by the threat to stop cane cultivation. The season for planting begins in November. The State Government at a meeting with cane growers and joint stock sugar mills in mid October decided on a 25 per cent increase in the price notified by the Union Government so that the prices to be paid by the joint stock mills for 1973-74 season will be Rs. 100 to Rs. 110.62 per tonne.

Poultry and Dairy Farming :

Poultry farming in the State is passing through a difficult period after the initial enthusiasm three years ago. About 100 small farmers who are participating in the poultry development scheme with the loan aid from the banks are faced with the problem of non-viability. The cost of rearing 100 birds is Rs. 2,000 plus Rs. 1,000 for the poultry shed and Rs. 500 for the feed during the laying period. Their 21,000 eggs bring an income of Rs. 6,500 and the scale of birds Rs. 700,

so that the farmer is left with nothing to repay the bank loan of Rs. 3,000 and the shed loan of Rs. 1,000, the interest and for his own living. The study which brought these facts to light traces the non-viability of the scheme to (a) the 100 per cent rise in the cost of poultry feed in the last 3 years which the scheme did not allow for (b) the poor price support and marketing arrangements of the TN Poultry Development Corporation and the comparative advantage enjoyed by Kerala and Andhra poultry farmers who are granted subsidies and sales tax exemption by their governments. It is necessary for a separate financing agency to loan funds for shed construction, for the Poultry Corporation to provide poultry feed at fixed prices, and for price support for eggs and for the State to exempt the farmers from sales tax. All these must be taken into consideration in the new programmes launched in October under which 1,000 educated unemployed are being set up by the nationalised banks with 2.25 lakh birds to produce 500 lakh eggs and 225 tonnes of poultry meat. The training given to them, the breeders co-operatives which they are forming and the livestock assistant deputed to each farm should help in a better performance in their scheme. Similarly in October, 42 unemployed graduates completed their training and with Rs. 60,000 capital from the bank are setting up animal husbandry farms with improved milch cattle. They are being provided with veterinary and marketing services by the T N Dairy Development Corporation.

Tea :

In the first 8 months of 1974, North Indian tea production rose by 15.6 million kg. (compared to 21 million kg. between January and July) and South Indian by 1 million kg, the North Indian increase accounting for the small rise of 4 million kg. in the world production to 475.1 million kg. September saw a steep fall in South Indian production (due to the Kerala strike (See Vol IV page 495) being 1.5 million kgs. compared to 3.3 million kg. in September 1973. World exports in 1973 fell by 3.6 million kg. and exports from India fell by 20.3 million kg. at 183.8 million kg. South Indian tea export from January-August 1974 totalled 32.2 million kg. and though September saw a fall, the rains in September and October ought to result in an increase in production. The 35-40 per cent increase in South Indian tea export prices and the 48 per cent increase in North Indian tea prices noted in the last 3 issues are good but are inadequate compensation for the rise in costs of fertilisers, cement, oil, tea chests, credit, transport and wages. It is necessary on the one hand for the five point programme worked out by the tea producing countries in Rome (See Vol IV page 496) to be pursued to secure for the growers and the producing countries an adequate price. On the other hand the Tea Trading Corporation set up in 1971 should stop busying itself with the take over of sick tea gardens and acting as a purchase agent for Arab countries and undertake the programmes of blending and packing tea first in the Middle East where Indian tea is popular and from there to break into the closed markets of US and UK. Loose tea is on the way out and so tea bags and tea packets must be pushed and this is the primary task of the Corporation which it did not but should, under take. This is also the recommendation of the Task Force on tea, whose October report proposes a flexible revolving fund to provide planters with individual items of machinery and meet security demanss on the small farmers. As for the 38 closed and 125 uneconomic tea gardens in West Bengal, Assam, Tripura, UP and Kerala

there is need for further study of their problems by the Commerce Ministry and the Tea Board, with the government acquiring legal powers to take them over and handing them to State Corporations to manage.

Coffee:

Coffee on other hand is doing well. As against the export of 52,688 tonnes last year, during the first six months of this year 31,000 tonnes were exported earning Rs. 35 crores, with the prospect of exports touching 60,000 tonnes this year. This is important because we are still operating without quotas and when they are established, India should claim a doubling of its erstwhile quota of 24,000 tonnes. International coffee prices declined since June and slumped sharply in September. While India escaped this slump because her exports were completed by May, there is need for action by the producing countries to prevent its continuance. The Coffee Board has appointed a cell to promote its exports in UK, US, Germany and Hong Kong (in contrast to the Tea Corporation). These units abroad will also be included in serving the foreign buyers. The coffee growers also face the problem of rising costs of fertilisers, pesticides and wages and in fact the Wynad Association has raised the issue sharply, along with the demand for a floor price. The government has therefore appointed a committee headed by the Coffee Board chairman to undertake a study of the cost of production of the industry. This will involve also study of the varying decisions on plantation wages, sales tax, agricultural income tax of the State governments and pending the results, the government and the Coffee Board have increased the minimum release price of coffee to provide some relief to the coffee growers.

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III Industrial Development

Neyveli:

Neyveli which in the October Union cabinet reshuffle is transferred from the Ministry of Mines to the Ministry of energy (department of coal) faces the need for some internal discipline and expenditure economy. In October the DIR prohibition of strikes in essential services was extended to it and it is hoped that staff discipline will improve as a consequence. The Union government decision to stop subsidies to all public sector undertaking means that Neyveli will have limited overdraft facility. The 15 per cent shortfall in lignite production will result this year in cash a loss of Rs 2.5 crores which means that the monthly salary bill of over Rs. 1 crore can be met only by deferring some parts of the DA and by effecting and drastic internal economics, even in wages and salaries. This may be a salutary exercise for this loss generating public sector enterprise.

TIDCO:

TIDCO's annual report for 1973-74 indicates improved operation of its constituent units in face of the conss traints of the powercut, coal shortage and wage increases. Over all it recorded an operating profit of Rs. 1.6 crores compared to the previous year's Rs. 76 lakhs and a net loss of Rs. 1.3 lakhs against the previous year's net loss of Rs. 81.41 lakhs. Its major project, Tamil Nadu Steels is apart from Arkonam con-cast, still in the planning stage. Concast operated at only 35.6 per cent of capacity due to the power cut, producing 17,798 tonnes against the previous year's 8,237 tonnes, and recorded a net profit of Rs. 12.34 lakhs. The diversification plans of Tamil Nadu Steels include the manufacture of 1,000 tonnes per annum of heavy steel castings through Arkonam castings and forgings set up jointly with KCP (See Vol. IV page 441) a Rs. 4.5 crore bar and wire rod mill to produce high carbon rods, rounds of medium carbon and low alloy steels and spring steel flats, a Rs. 15 lakh scrap processing unit, two briquetting plants being imported from the Soviet Union, and a Rs. 1.75 crores 50,000 tonnes capacity second arc furnace. As part of this diversification programme, TN Steels has a sales and development division to examine the product mix, develop market intelligence and co-ordinate the expansion and diversification programme. Tamil Nadu Cements, another unit, operated at only 70 per cent capacity against the previous year's 73 per cent and is capable of operating at 80 per cent capacity if coal is assured. Its expansion involving conversion of its 2 wet process into dry process kilns and further dry process kilns to increase its capacity from 4 lakh tonnes to 7 lakh tonnes will be completed by 1977 December. Other projects being planned include the sponge iron plant, the nylon 6 filament yarn project and another project to manufacture titanium dioxide. An agreement with Scooter India for the Rs. 2.5 crore project at Madurai for the manufacture of 30,000 scooters has been signed. The project report is awaited to launch the project. Finally, Dynavision is now set to go into production of 10,000 T V sets per annum from next year. This a good record which needs to be further consolidated and pursued.

SPIC:

SPIC, TIDCO's largest joint sector project continues to record remarkable progress. Its annual report states that its 1,600 MT per day urea plant (the largest in the world) was computed in April. During August the main electrical sub-station was also commissioned. So far the plant has been ahead of its time schedule by 4 months, leaving the completion and commissioning of 1,100 tonnes a day ammonia plant. It is important that this giant and well organised plant should not be rushed into completing its time schedule or commissioning as it may result in the kind of defective technologies bedevilling some of the public sector fertiliser plants. The ammonia plant is 97 per cent complete but the remaining 3 per cent must be technically safe and correct to avoid the kind of problems that Madras Fertilisers and FACT are facing. Other achievements include the three giant compressors with ancillaries, the naphtha and fuel oil unloading facilities in the new port, and the entire fertilisers marketing plan which will be 70 per cent through public channels and 30 per cent through its own service centres, along with 60 per cent of the total production reserved for this State.

Madras Refineries:

Madras Refineries Rs. 7 crores expansion programme will expand its lube oil plant

from 2 lakh to 2.7 lakh tonnes, establish a 20,000 tonnes annual capacity paraffin wax plant, raising its throughput to 3.5 million tonnes at a total cost of Rs. 25 crores. The unit is working with its US collaborators on the new lube process, Gilshill, and special crystallisation dewaxing technique which after testing for use in the refinery could be used to reduce the investment by 20 per cent as well as operating expenses. This is part of the country's refinery expansion plan. In the meanwhile its crude oil pipeline from the harbour has been exposed and subjected to dangers as a result of the erosion of the sea caused by the 200 meters eastern break water of the new fisheries harbour referred to earlier. While the discussion as to whether this or the Ennore thermal plant's extensive dredging of the sand bars to permit the flow of water into its cooling tower has caused the sea erosion and exposure of the pipeline is underway, the Madras Port Trust has sensibly undertaken to build the protecting wall to prevent further erosion and damage to the pipeline, subject to the Refinery's reimbursing the costs involved.

SIPCOT :

SIPCOT's second growth centre at Hosur, Ramanathapuram has so far attracted Rs. 4 crores from entrepreneurs from Calcutta, Bangalore, and Hyderabad in the engineering and electronic fields. The Simpson group is establishing electronics and foundry units, and Lakshmi Machine Works an Rs. 8 crore machine plant. Provision has been made also for an industrial estate for small scale electronics unit and another industrial estate for small industries. The total investments in this centre is estimated at Rs. 70 crores. On the basis of the successful development of the Ranpret and Hosur centres, three more are being planned at Manamadurai, Pudukottai and Madurai. The total SIPCOT plan for these 5 growth centres will involve an investment of Rs. 600 crores which should be persisted with despite the current credit rationing in the country. Started originally as a means of developing the backward areas of the State, with their rapid development of infrastructures and the promotion of major as well as medium small industries, they are developing into a major instrument of the continued industrialisation of the State.

Small Industry :

Small industrial units in Ambattur and in industrial estates all over the States now assured of regular power and steel, lathes and all other industrial raw materials are not able to countinue production because of the tight credit situation and rapid rise in the interest rates charged by the banks. Besides reducing the credit limits, the banks have also increased the margin (by 10 per cent) and have increased the advances (differential interest) rate on the larger units. This makes financial planning and production planning difficult. In the engineering field, in addition to the impact of the limited credit and high interest rate, the larger units like BHEL and others on which the small units depend for their orders are cutting back their production and demands and are slow in returning decuments against effected supplies because of their own credit difficulties. It is urgent there fore that the credit rationing by RBI should take account of the needs of priority sectors like the small scale industries which have been built up with great effort by entrepreneurs and state aid and ration existing resources in an optimal manner in relation to national policy.

Textiles, Yarn and Handlooms :

The textile industry in the State reports a record pile up of stocks of cloth and

yarn of over Rs. 30 crores in October and attributes it to the fall in demand caused mainly by control over smuggling and black marketing the credit restriction and the high interest rate amounting to 18 per cent. SIMA's annual report for 1973-74 is a good one. The 689 mills in the Country (401 spinning and 288 composite) with 18 million spindles and over 2 lakh looms, after production cuts of 16-75 per cent because of power cuts in the first half of the year maximised production in the latter half, to produce 998 million kg of yarn and 4,169 million metres of cloth. Southern mills yarn production declined by 33 per cent due to Tamil Nadu's power cuts but cloth production at 342 million metres was better. The report recommends an import of 10 lakh bales of cotton to supplement last year's 60 lakh bales of internal production and low carry over and the production estimate for 1974-75. The Tamil Nadu Textiles Corporation plans to announce a minimum price for cotton and enter the market to support it. In view of the large stock-position of the 209 southern mills, the Association pleads for some relaxation of the credit limits. The relief action taken by the Tamil Nadu government in the matter of yarn stocks have been referred to earlier. The September yarn production of 1.2 lakh bales was higher than the August production (1.1 lakh bales). Yarn prices have dropped by 10 per cent and there will have to be further price decline in both yarn and cloth for the stock to be cleared. Cotton prices have also declined which led to TNTC decisions to enter the cotton purchase market, and it is along these lines rather than relaxation of credit restraints that the solution of current difficulties of the industry should be faced. The mills face two other problems. First the rise in the electricity tariff has doubled their electricity costs as they are HT consumers and they plead for a reduction particularly at this time when they are beset by accumulating stocks. The increasing costs of the Electricity Board have however to be borne by all consumers. The other problem that they face is the threatened indefinite labour strike by the 55,000 workers in 80 mills in the Coimbatore districts. The trade unions demand a continuation of the Bonus payment on the SIMA formula as in 1973, while the mills have offered a bonus in accordance with the Bonus Act. The State government is mediating in the dispute. On the handloom sector, the Union Government has set up a panel for implementing the recommendations of the Sivaraman committee (See Vol IV page 553) in light of the comments made by the States.

Cement:

Cement production which in the State reached near optimum production (90 per cent capacity) at 2.84 lakh tonnes in August and September, faced a cut back in October, because coal arrivals from the Bengal-Bihar collieries have been near nil, and the stock position cannot carry them to the end of the month. On top the oil subsidy expires on November 15, so that there will be a quite unnecessary reduction in cement production at a time when the State and Country and its exports commitment require full steam production. The cement allotment for the State for October-December is 50 per cent of its needs at 2.7 lakh tonnes which means even permit holders will be resorting to the thriving black market. This is where the effective anti smuggling and black marketing action is cancelled out by lack of co-ordinated planning.

Sakthi Pipes:

The annual report of Sakthi Pipes records the restoring production in July 1973, following the power cut and the technological weakness of the melting unit.

Production was 12,000 tonnes, sales Rs. 1 crore and the loss Rs. 30.5 lakhs. The melting unit has been strengthened, captive generators ordered and an appeal made for increase in prices. The company has received £ 75,000 export orders from Singapore and further orders from US, Europe, and West Asia. The unit should now programme its production and secure the shipping space to meet these orders. Its marketing is good and should be kept within bounds of its production possibilities.

Leather :

Despite the reference to leather in the Exports section, the Leather Export Promotion Council calls attention to the 30 per cent decline in leather exports, both in terms of quantum and value due to (a) finished leather and leather goods processes still lagging behind the ban on export of EI tanned skins and hides, (b) the credit restrictions and (c) the world recessionary trends. Further Argentina and Africa have emerged as countries supplying to Europe raw hides and skins at low cost. Taxes on the Indian industry are heavy—45 per cent import duty on tanning machinery, 150 per cent on tanning materials, 20 per cent export duty plus sales taxes. Thus in the period April to September of this year leather exports fell to 77.8 lakh kg. at Rs. 37.28 crores compared to last year's 6 month 112.29 lakh kg at Rs. 51.83 crores. In 2 tannery centres in North Arcot, some of the units have closed down or stopped soaking. What is needed now is for the recommendations of the Seetharamiah committee to be put into effect fully and speedily (See Vol III page 181 and 261).

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IV. Education, Science and Health

Unrest in Educational Institutions:

Of the 16 reported incidents of unrest and in most cases accompanied by violence in educational Institutions in October, the majority of 12 incidents centred around UP and Bihar—Kanpur, Gorakhpur, Deoria, Varanasi, Balla, Gohazipur, Patna and others at Jaipur, Srinagar, and Vellore. The agitations, police firing and damage to university property were connected with protests against rising prices, smuggling and black marketing and in the case of UP and Bihar with the various bandhs organised against these problems. The Vellore strike and procession were peaceful and resulted in a protest procession to the office of the District Collector for lowering of prices and adequate food supplies to the college canteen. In 2 incidents, the cause was inter students disputes, resulting in the stabbing of a student at Osmania University, and the closing of all schools and colleges in Aligarh. In the remaining 2 incidents, 3 staff members were assaulted and police called in and stationed on the Bareilly College campus, and in Rajkot strikes and rioting ensued when the college issued a no copying order in the examinations to which the students' reply was—no

copying, no examinations. As noted in earlier issues, the time for basic educational changes to bring universities and schools back to the paths of learning is fast running out.

Educational Reform :

There was little progress in October in educational reform. The State education minister inaugurating in mid October the State Board of Teacher Education engaged in a masterly analysis of the ills of the education system. His conclusion appealing to the teachers to right these wrongs needs to be supplemented by the government and educational authorities agreeing on the plan for radical restructuring of the system. In this regard the Maharashtra State has taken one small but useful step in the School Education Bill now before its Assembly which (a) consolidates the various Acts, orders and instructions established in the past 200 years into a single act covering all stages from pre-primary to higher secondary, (b) establishes a Master Plan for all schools and lays down norms for the opening of new schools and their location, (c) provides for all children 6-14 years either to attend schools or part time learning facilities (d) creates an Education Fund by municipal council for prompt payments of teachers' salaries, (e) sets up one man tribunals to resolve disputes between teachers and managements, (f) replaces the Maharashtra Board of Secondary Education by the Maharashtra Schools Education Board which will conduct SSC, higher secondary and technical examinations and advise on primary education curricula and text books, and (g) authorises the government to take over mismanaged private schools and junior colleges. The last provision assumes that mismanagement is confined to private institutions. The same corrective measures should apply to all public and private schools. In this regard Andhra Pradesh has attempted to legislate against mismanagement. Its October ordinance fixed the terms and conditions of service of private schools and college teachers regulating the payment of their salaries and allowances and requiring prior Government approval before their dismissal, suspension or demolition. But the government itself is in trouble over some of the service conditions. The new pay scales for university and college teachers based on UGC recommendations (See Vol IV page 380) announced in parliament in August by the Union Education Minister were not cleared by the Union Finance Ministry as at October and are not being given effect to anywhere except in the Delhi region and the Central Universities—which is either unnecessary for them or unfair to the rest of the Country. In any case the position of the primary and secondary teachers is sharply raised. On the academic side the debate in Gujarat over the place of English in the school and college curicula is good as it brings into the open, issues which have acquired emotional overtones. English is now not required in schools and colleges in Gujarat and the question of all India performance and that in science and technology has raised the language issue. That English is a foreign language has nothing to do with its use in competitive areas, and its disadvantage to the poor students can be quickly remedied. It must be a second language and in higher education one medium of learning. In this State the government is starting 100 single teacher schools in harijan colonies in order to give harijan children the educational opportunities they now lack. The schools are to start in the next school year at a non recurring cost of Rs. 8 lakhs and recurring cost of Rs. 5.4 lakhs. It is necessary that the 100 teachers receive special training on the techniques of running one teacher school.

Technical Education.

The Union Planning Commission's study on manpower draws attention to the fact that obtacles to inter State mobility of technical categories of manpower adversely affect plan implementation, create manpower imbalances of the co-existence of surpluses and shortage of skills, and reduce the productivity of labour. It recommends lifting all restrictions on inter State mobilty and inter State education and training of the country's technical manpower to promote productivity of the improved education. The study also examines the problem of unemployment of trained teachers and recommends a review of the recruitment policies of the State government, appointing only trained teachers to all schools. It recommends restoring selectively in each State the cut in admissions to engineering colleges and polytechnics in those fields where there is a manpower shortage current or expected and also on the basis of the facilities available in each institution. It calls attention to the wide variations in the pattern of use of bank facilities for generating self employment among engineers and recommends that State Governments develop with the help of their Industrial Development or Investment Corporations expertise in appraisal of such projects. Finally it is in the area of medical manpower and education that the study makes urgent recommendations. It notes the glut of post graduates in medicine surgery and other clinical disciplines and the shortfall in non-clinical and para clinical subject so that most medical colleges are inadequately staffed in the basic subjects. It cautions against expanding post graduate admision in the Fifth Plan and proposes zonal arrangements for expensive specialities. The priority is to correct the under staffing of district hospitals, medical colleges and the rural health facilities and counter the flight abroad of nurses, when our doctor nurse ratio is still 1:1 instead of moving to 1:3. Above all it issues a timely warning of the need for extensive improvements in the quality of medical education in every State. The World Medical Council has in October warned the Indian Medical Council that it will be derecognised if it allows the standard of medical education in the Country to deteriorate. This warning is a national disgrace but is merited. The Planning Commission recommends that an inspection team consisting of the Union and State Medical Councils visit every medical college in each State, examine its finance, equipment, teaching hospital, number and quality of staff, and admission policy and recommend for each a time bound programme for improving the efficiency of medical education in each college with the help of the Union government. In the meanwhile both Karnataka and Tamil Nadu have announced the scrapping of September medical examination which is one source of deteriorating education. This State has a plan developed by its Planning Commission for quality medical education which should be put into effect.

Science:

The Madras unit of MERADO had designed a durable deep borewell pump for use in the drought prone areas and has redesigned existing pumps with plastic components to increase their life. It has also helped the building of the bottle washing plant for the Rita agencies as a means of saving Rs. 20 lakhs in foreign exchange. It is completing the radiological laboratory for non destructible tests on metals and is designing test rigs for fork joints and oil rigs for TI cycles and Ashok Leylands. Despite the resources constraint, its contribution to the State's industries is expanding. ISRO scientists have designed and ECIL have manufactured the front

end converter (FEC) which will be fitted to the antenna of the 2,400 community television sets to be installed and commissioned in 400 villages in Andra Pradesh, Bihar, Orissa, Karnataka, Madhya Pradesh, and Rajasthan for direct reception under the SITE programme (See last issue, Vol. IV page 644). Work on FEC started 3 years ago and will be used in the direct reception sets. The ATS-6 NASA satellite was launched on May 6 and will be moved over in June next year to lake Victoria, Kenya for receiving and broadcasting Indian programmes. Two scientific organisations in the country are being restructured. The NCST whose 3 year mandate ended on October 31 is being reorganised. The ICAR on the basis of the recommendations of the Gajendragadkar committee has been reorganised as an agricultural research service comprising the Institutes under the council, each with its own managing committee and decentralised autonomy and improved salary scales, and a rationalised grade structure for the staff. The Minister of Agriculture is the President of the Council. Regional committees based on the country's agro-ecological regions will support the reorganised council.

Health :

In October, the foundation of 'Drugs Testing laboratory was laid in Teynampet to control the quality of drugs and with an increase of the inspecting staff should control the proliferation of spurious drugs. Similarly two of the food analysis laboratories, Madurai and Thanjavur, are being set up to control the growing menace of food adulteration. Also a research centre for chest diseases, is being set up in Madras in co-operation with the Indian Council of Medical Research. The five member committee to enquire into the incidence of tetanus in the operation theatres of the Madras General Hospital has reported on the appalling conditions wherein traffic and other contaminated cases are brought straight to the operation theatre instead of being dealt with in the casualty department, defective linen, instruments and sterilisation arrangements continue, lack of discipline and absence of clean hospital clothes on the part of post graduate and under graduate students in the theatres, water shortage in the theatre, and the inflow of dust from the repair work in the hospital, all these have made for tetanus infection after surgery. The committee recommends construction of a separate casualty department theatre for traffic accident cases, a central sterile department and a separate overhead tank for the theatres and strict discipline in sterilisation and clothes—as a minimum for preventing the traffic infection. Similarly the report of the 3 man committee on Madras city hospitals in January 1975 is oriented to improve their administration, equipment, drugs and medical service. These should be acted upon now.

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V. Employment

The Bonus Review committee appointed by the government in April 1972 submitted its final report to the government in October. It has not been released officially as yet but on the basis of the press releases issued the major recommendations, are

known. On no important point is there a unanimous view and recommendation, so that the government is really left free to act on the important issues raised, in accordance with its own analysis and judgement. The commission, which was not required to define the concept of bonus, accepted as its starting point that bonus is not a deferred wage or the means of filling any gap between the actual and living wage but essentially as sharing of the profit made by the firm in which the workers are employed. Its main majority recommendations are (a) confirming a minimum bonus of 8.33 per cent and a maximum bonus of 25 per cent of the annual emoluments; (b) the payment above 20 per cent to employees earning Rs. 1,000 and above should be in the form of a non cash payment, as a credit to a special five year fund or deposit; (c) the Bonus Act should be extended to non-competitive public sector undertakings as it is being applied to the competitive ones; (d) the Bonus Act should not apply to departmentally run industries like railways P & T etc., (e) any payment in exess of the maximum should not be counted as expense for the purpose of taxation; (f) section 34 (3) which allows employees to enter into agreement with their employees for a bonus on a formula different from the Act should be deleted as it has given rise to labour disputes; (g) the six year bonus holiday for new firms should be reduced to four years according to 3 members of the committee; (h) three members also recommend that the alternative to the minimum 8.33 per cent should be Rs. 125 for those above 15 years and Rs. 80 for those below. In support of this the chairman, Dr. Madan is reported to have prepared tables to show that real wages in the organised industrial sector have risen in the last 2 decades. This is against the computations made by RBI and the labour ministry and needs examination when the report is published. Dr. Madan's computations refer to all workers and stop at 1968. The problem is with regard to workers earning Rs. 200 and below and of course the situation in the period of hyper inflation of the last 2 years. In the meanwhile the government has not acted on the Chakravarthy report on a wages and income policy (See Vol. IV pages 414 and 415) which would (a) limit the ratio of lowest and higher salary to 1 : 16 and which would (b) pay differential wages in accordance with skills above a minimum. The present inflationary sitration is the time to bring about this small measure of mitigating the growing disparity in the country. The railway ministry is arranging for a secret ballot of railway workers for them to decide which single union will represent them and deal with their grievances in the management. On the employment creation front the State, apart from the poultry and dairy programme referred to earlier, an industrial co-operative is being set up by the tailoring trainees who have completed their training at the Tailoring Centre. The self employment programme in general is limping in this as in other States.

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VI. Other Items

Indian Economic Association :

Arrangements for the 57th Annual conference of Indian Economic Association to be held at Andhra University, Waltair from December 27-29 have been completed by the Hon. Local Secretary Dr. Sarveswara Rao, Mr. C. Subramaniam Minister of Finance, will inaugurate the conference and after his address and that of the President, the conference will divide itself into 3 sections to discuss in section I the 6 papers submitted on Recent Trends in Welfare Economics under the chairmanship of Miss Uma Devi (New Delhi), in section II, eleven papers on Price Policy in India under the chairmanship of Dr. Ranjit Sau (Calcutta) and in section III sixteen papers, submitted on Regional Economic Development in India under the chairmanship of Dr. K. S. Gill (Amritsar). For the Seminar on improvements in the teaching of economics which will follow on December 30 and 31. Ten of the Thirty participants submitted papers by the end of October.

Indian Commission for Co-operation with Unesco :

The two yearly conference of the Indian National Commission for Co-operation with Unesco was held in Vigyan Bhavan New Delhi on October 4th and 5th. The commission which had been reconstituted met in conference and in four sub commissions—Education, Natural Science, Social Science and Culture and Communications. It approved the amendments to Unesco's programme and budget for 1975-76 that had been proposed by steering committee and its June/July meetings (See Vol. IV page 560) and made detailed comments and suggestions on the four chapters of Unesco's proposal programme. The Education sub commission proposed a remodelling of Unesco's education structure, the science sub commission laid strong emphasis on technology transfers and aiding other Afro-Asian countries in engineering training, the social science and culture sub commission proposed programme of promoting AASSREC (See Vol. III page 436) and peace research along Gandhian lines are preservation of Ajanta and the communication section called attention to the need for a juster distribution of world paper and newsprint supplies. The problem with this commission is that it functions too much under limits of Unesco's programme and budget, without paying attention to the country's own international and inter Asian needs and potential in education, science and culture.

Council of Social Development :

The annual meeting of the Council of Social Development and its Research advisory committee were held in the New Delhi on October 9 and 10. The Council's annual report showed its further development as the country's unique and outstanding social research organ. Its research projects covering growth centres, family planning, non-formal education, and social research methodology are of a high order. It is now launching out into projects to assist on the DPAP, PIREP and multi level planning programmes of the government, developing a large scale computronics programme with the USSR computers to be housed in the council buildings, and acting as social science adviser to a part of the SITE programme in addition to continuing with the projects underway. The advisory committee of the Council expressed satisfaction at the quality and level of the work being done by the staff.

Comprehensive schools :

The first meeting of the State Advisory Board of comprehensive schools was held

in the seminar room of the Institute. After reviewing the programme for the 13 schools, it recommended that the Department of school education join with the Department of Technical education and Tamil Nadu Agricultural University, in reviewing the industrial technology and the agricultural courses in the comprehensive schools in the setting examination standards and assisting in the employment of the graduates. It also recommended that the courses be expanded to include fishing, handloom weaving and that one bifurcated schools in each development district be developed into an agriculture oriented school. It decided to review the vocationalisation of the middle school level at its next meeting.

Tata School of Social Sciences :

The Board of Governors of the Tata School of Social Sciences met on October 21 to consider the implementation of recommendations of the review committee. (See Vol. IV pages 304, 390, 453). The recommendations had been discussed by the staff council and Academic Council and the Board endorsed all the recommendations except the use of external evaluators on field work assessment. It requested the Director to submit to its next meeting a progress report on the timing and result of the execution of the recommendations.

Agrarian relations in Tamil Nadu :

The Tamil Nadu Council of Historical Research organised on October 23 and 24 a seminar in the Tamil Nadu Archives on Agrarian relations in modern Tamil Nadu at which historians from all over India (Calcutta, New Delhi, Banaras, Aligarh) were present. The papers presented were of a very high scholarly order and as a result of the discussions a series of subjects for further research was agreed upon covering the history of ryotwari system the evolution of tenurial system, the history of landlord labour and peasant systems and the development of the village community. There was agreement that the research required is of a multi-disciplinary kind.

United Nations Day :

The United Nations Day was celebrated by the State government, the schools and colleges and voluntary bodies. The Lion's club of Perambur and the Lion's club of Central Madras organised very effective functions, competitions and discussion on the 8th and 24th of October respectively at which the UN successes, failures and challenges were highlighted.

November Development Ssminar :

The paper for the November Development Seminar, Plan Implementation, by Mr. T. V. Natarajan, Director, Social Institute, Madras together with a summary of the discussion of the paper at the seminar appears as the first article.

Second Ariticle :

A paper, Impact of Inflation, appears as the second article.

Book Review :

A review by Dr. N. Subramanian; Professor of Ancient History, Maduria University, of the Institute's publication —Educational Problems of Scheduled Castes and Tribes in Tamil Nadu 1973— appears as the third article in this issue.

Special issue section :

Under the special section in this issue four articles appear: the Annual progress report of the Institute for 1974; the Problem of Poverty; Some Methodological issues (Economics) by Dr. C.T. Kurien : the Problem of Poverty; Some Methodological issues (Sociology) by Prof. N. Satish Saberwal; and the Problem of Poverty: Some Methodological issues (History) by Dr. N. Subramanian which were part of the papers produced for the inter discipilinary Research methodology seminar, Hyderabad in April of this year.

PLAN IMPLEMENTATION

BY

(Col.) T. V. NATARAJAN

Regional Manager, Computronics India and Hony. Secretary, The Madras Management Association.

" Any plan is only as good as it achieves "

— *Smt. Indira Gandhi*

Introduction :—

Our couutry is now passing through an acute economic crisis. During the last twelve months the rate of inflation has reached the dangerous level of 30%. The Fifth plan which ought to have started on 1-4-74 is still under reconsideration. Due to the galloping inflation and the oil crisis many major assumptions are no longer valid. The aim of all planning is to improve the standard of living of the common man and if possible improve the quality of life. Food which is a basic requirement for everyone is in short supply and even when it is available, the cost is prohibitive. Public distribution system is corrupt and inefficient. Most people are undergoing great distress and say " what is the use of two decades of planning, if this is the end result? " With this scenario it is rather a cruel joke to present a paper on ' plan implementation '.

Nevertheless it is only in adversity that many good things are done due to the sheer compulsion of circumstances. If we reflect about the last four plans, we cannot but agree with Pandit Jawaharlal Nehru who said " we are not so expert at implementation as we are at planning ".

Aim :

The aim of this paper is to analyse the difficulties in 'plan implementation' and suggest suitable remedies.

Scope :

Even though the subject is dealt with at the national level, the position in respect of Tamil Nadu is given importance as the Madras Institute of Development Studies has dedicated itself to the developmental needs of Tamil Nadu.

TABLE

Head of development	Unit	Fourth Plan Target	Likely Achievement	Shortfall (Per cent)
(1)	(2)	(3)	(4)	(5)
1. Agriculture—				
(a) Foodgrains ...	Million tonnes	129	115	10.8
(b) Commercial crops-Oil-seeds ...	Do.	10.5	9.4	10.5
Sugar-cane ...	Do.	150.0	135.0	10.0
Cotton ...	Million bales of 180 kg each	8.0	6.5	18.7
Jute and mesta ...	Do.	8.5	6.7	18.8
(c) Irrigation (major and medium) ...	Million hectares	23.3	21.4	8.2
2. Power ...	Installed capacity in million kw	23.0	19.0	17.3
3. Industrial production—Steel ingots ...	Million tonnes	10.0	7.54	24.6
Steel ...	Do.	8.1	5 42	33.1
Coal ...	Do.	93.5	80 0	14.4
Cement ...	Do.	18.0	15.00	16.7
Iron ore ...	Do.	51.4	38.00	26.1
Refinery products ...	Do.	26.0	22.00	15.4
Fertilisers ...	1,000 tonnes	2,500	1,200	52.0
Nitrogenous Phosphatic ...		900	400	55.6
Aluminium ...	Do.	220	195	11.4
Copper ...	Do.	31	18	41.9
Sugar ...	Do.	4,700	4,000	14.9
Cotton cloth ...	Million metres	5,100	4,200	17.6

Short-fall:

The Table attached gives the target and percentage of shortfall in respect of items like food grain, power etc.

Against the planned rate of growth of 5% (which is really modest) we achieved only 3%. What causes concern is not so much the short fall in each sector but overall distortion of the whole economy due to intersectoral imbalances.

The record in respect of Tamil Nadu is good in respect of food, resource mobilisation and industrial growth but there are major gaps in respect of fuel and power generation, eradication of mass poverty etc.

Asian scene:

Several countries in Asia with democratic form of government are using planning as a tool for economic progress. Some of them have also come to the conclusion that a good plan does not always guarantee a successful development programme. It was because of this growing dichotomy between planning and implementation in the field that the General Assembly of the EROPA (Eastern Regional Organisation in Public Administration) at its Manila session held in May 71 authorised its Executive Director to look deeper into the problem and see whether case studies on the subject could be compiled which might give a fresh insight into the process of implementation. Accordingly experienced administrators or distinguished scholars in the member countries of EROPA were contacted and a research format worked out by a co-ordinator designated for the purpose. The case studies were discussed at a preliminary stage in a workshop at Jakarta in September 72 and in a final form in March 73 at Bangkok on the basis of which they were finalised for presentation to the General Assembly of EROPA in Tokyo in October 73.

The Tokyo Conference of Implementation (held at the same time as the General Assembly Session in Tokyo in Oct. 73) discussed the papers broadly and suggested certain broad guidelines which seemed to emerge from the case studies as a whole. This may briefly be summarised as follows:

(i) Implementation is but one aspect of a larger process of society and is therefore, affected decisively by the environment in which a particular programme is implemented.

(ii) An important facet of the environment is the political milieu at the national, regional and field levels which can be either beneficial or counter productive.

(iii) Programme administrators need to develop skills for 'playing the political game' so as to optimize political support for the programme. This can be done through frequent consultation and helps to sustain the programme through timely budget releases.

(iv) Suitable organisational framework is essential for effective implementation; this involves rational allocation of resources both material and human, recruitment of suitable personnel and allocation of meaningful responsibilities to them.

(v) Consultation with and involvement of the beneficiaries of the programme is essential and needs to be built consciously into the implementation machinery.

(vi) Accurate data and timely information must be compiled and fed back to appropriate levels for effective monitoring of the programme during implementation. Field reports should be simple and direct and should be acted upon at the headquarters.

(vii) Programme leadership is an important criterion for the success of a programme; but mere charismatic leadership of a single individual is likely to be transient and ephemeral. What is needed is

competence and commitment at all levels of the implementation hierarchy. This implies not merely technical skills relevant to the programme, but also managerial expertise in implementation, human skills in personnel management and motivating people to achieve results and, lastly, political skills to obtain and sustain co-operation and support from leaders of public opinion in the community and country.

Causes for our failure

Dr. Malcolm S. Adiseshiah, in his excellent introduction to the seminar document "Plan Implementation: Problems and Prospects for the Fifth Plan" groups the causes for implementation failure under the following three heads:

(a) Structural constraints
(b) Substantive constraints
(c) Procedural constraints.

Structural constraint is essentially caused by our idealistic approach to all socio-economic and political problems. There is confusion and delay due to arguments advanced for and against public sector. Our outmoded legal system has done incalculable harm because important plans which affect public welfare are always opposed by vested interests under the pretext of fundamental rights guaranteed in the constitution. Above all we have tolerated a social system based on 'elitism' where 50% of our resources are consumed by the top 10% of the population.

Substantive constraints include the following:

(a) Inadequate attention to food crops.
(b) Lack of balance between food crops and non-food crops.
(c) Lack of attention in developing skilled workers, R & D etc.
(d) Lack of financial discipline at all levels.
(e) Inadequate infrastructure.
(f) Constant labour problems.
(g) Lack of encouragement to entrepreneurs and dynamic managers.

Procedural constraints consist of the following:

(a) Lack of 'systems approach'.
(b) No optimum utilisation of capacity. In fact 'optimisation' must become the slogan in respect of all output.
(c) Lack of a proper 'monitoring and evaluation organisation' (MEO) at various levels.
(d) No co-ordination between various sectors.
(e) Outdated and outmoded rules and regulations.

Now we will analyse the more important constraints.

AGRICULTURE

In all our planning as well as implementation major attention must be devoted to agriculture. This was vividly put by Sri Jawaharlal Nehru when he said "everything else can wait but not agriculture." Here the case studies in respect in increased production in the Philipines and Nepal have a lesson for us.

Increased rice production in the Philipines and Nepal

The increased rice production programmes in Philipines and Nepal represent a type of programme that is familiar to most developing countries. Such projects are nationwide in their scope and involve large numbers of people scattered all over the country. They are dependent for their success on a combination of ad-

ministrative and political leadership as well as the ability to motivate a large number of farmers who are traditionally conservative to follow instructions from the top. They also involve co-ordination of a large number of agencies to provide the right inputs-credit, seeds, fertiliser, water and power at the right time in order to make it a success. Thus in an administrative sense, they are complex and ultimate success can elude due to any one of a number factors.

The success of the Philippines experiment (limited as it is) seen against the comparative failure of the Nepalese programme seems to indicate that "while good programme plan is in a way a co-ordinative and control device, the translation of the plan into an effective programme of action is largely a function of leadership both at the political and administrative levels. It is only when this happens that development programmes involving large masses of people can obtain the willing co-operation of those whom they are intended to benefit.

MACHINERY AND PROCEDURE

The administration we inherited from the British Raj was good but it was meant for a colonial set-up where the accent was on 'law and order' rather than 'welfare and development'.

Administrative Reforms Commission (ARC)

The ARC both at the Centre and the States have made excellent recommendations and though most of these have been accepted there is no perceptible qualitative change in the tone of our administrative system. It is always a case of 'too slow and too late'.

PARTICIPATION

Our political leaders have done a great deal to educate the people on matters political but unfortunately they have no time for socio-economic matters. In this context it is relevant to applaud the technique of our great Prime Minister who never hesitates to place the true facts before the public. However the same cannot be said about other ministers both at the central and states because the latter prefer the soft options. Leaders at all levels must take the public at the Centre and States because the latter into confidence particularly when things go wrong. In fact during the critical days of 1962 and 1971 (at the time of the Chinese and Pakistani invasion respectively) our whole nation rose as one man to face the aggression. We can expect the same unity and co-operation for fighting internal dangers.

Three 'C' s

In the ultimate analysis, for getting things done (which is really implementation) there is no substitute for the three 'C's 'character' 'common sense' and 'courage'. These are applicable to every one particularly to the top leaders. It should be possible for the political parties to come together and agree on a minimum plan. They should use their mass contact for carrying the plan message to the people. Wherever there has been good leadership and people's co-operation (like the Kaira Milk Co-operative Society or the Chitamani Super Market in Coimbatore) there has been success.

A New Role for Planning Forums

In mobilising peoples' participation our young men in the colleges can play vital role. This is what Dr. V. Shanmugasundaram, Head of the Department of Economics Madras University and Member, State Planning Commission, Madras has to say:

"In addition to buying books on planning and performance of the biennial rituals of inaugural and valedictory addresses, and a few visits to the slums,

the Planning Forums could in the years to come, become centres of both theoretical and applied studies for (i) plan administration, (ii) data collection for planning; and (iii) the making of planning policies; (a) the priority needs of planning research; (b) the skill of the personnel (c) the willingness for a given type of work; and (d) the limitations of financial resources would be the criteria governing the direction of future effort.

Work experience

Dr. M.S. Swaminathan has a good suggestion for mobilising the school boys. He advocates work experience through school projects. Even if each student had his own plot, or animal or pond, he would in the course of work, learn without being asked to combine with his fellow students for certain activities to be undertaken by all at the same time, the economics of sharing and so forth. In this way, co-operative endeavour would become a necessity for the individual, for the success of each individual's project would be inevitably linked in the right way.

DECENTRALISATION

There is a feeling that there is far too much centralisation at Delhi level and the peoples in Yojana Bhavan are not in intimate touch with the problems and aspirations of rural India. During recent years planning boards/commission have started functioning at the State level. *I can say without any hesitation that the infrastructure built up in Tamil Nadu is the best in the whole of India.* In order to encourage planning cells at district levels because district planning is still in the embryo stage.

District Plans

There is great deal of controversy about using the present revenue district as the local planning unit. This in turn affects implementation. The pros and cons have been summed up as follows by Prof. Deva Raj in an illuminating article in the IIPA Journal.

"The existing boundaries of districts and the wide variation in their area and population have come in for considerable criticism. Sometimes district boundaries cut across physical agronomic regions; it isan expert's view that a district is not the most appropriate planning region as it often does not represent homogeneity or possess the attributes of an internally viable entity. That the area and jurisdiction of districts will bear some considerable adjustments, cannot be denied. On the other hand, the district has because of its strong administrative identity asserted itself as the basic unit for economic and sectoral planning as well as plan implementation. Moreover if the district is to yield place to scientifically demarcated regions or sub regions it would be necessary to reorganise the entire administrative and institutional structure and it will raise a number of political issues and other problems of territorial orientation and adjustment of records. While the adjustment of district boundaries may remain a long term objective the odds are overwhelmingly in favour of the district being adopted as the basic unit of local level planning and implementation. This will of course, require overall district level authority for integrated and planning for both rural and urban areas."

Role of Banks and Companies

When the banks were nationalised in 1969, they created tremendous hope in the common man but gradually they have become as bad as the government departments. Their attitude towards the public particularly to the weaker sections is very disappointing. Banks must play a useful

role to help the weaker sections of our society. What Dr. M. S. Swaminathan says is very pertinent.

"Both banks and public and private sector companies can play a great role in combining their regular work with the art of communication. Banks can finance entire production programmes as for example the production of a lakh of tonnes of sunflower oil or the production of a certain quantity of soyabean in a suitable area and thereby assure the credit and other infrastructure for the entire production chain and not merely for components of the chain. Similarly, pesticide firms can sponsor programmes designed to ensure pest proofing of important crops in the poorest villages in their area of operation. All such projects will provide excellent educational opportunities for the students of the area, besides serving as demonstrations of new techniques."

MONITORING AND EVALUATION ORGANISATION (MEO)

Though this organisation has been in existence in Delhi it has not made much headway. Last year this set up was revamped by including some dynamic top level managers like Mr. Rajadyaksha but unfortunately soon after their induction, the plan itself fell on evil days. However there is a need to have dedicated and dynamic people in the MEO both at the State as well as at the Centre, MEO must have direct access to the Prime Minister/ Chief Ministers.

Information

I'm convinced that information is one of the most important 'inputs' for any planning process and yet not much has been done in the collection, collation and dissimination of vital information. There is a need for building data banks both at the Centre and State level with the use of computers and modern statistical techniques.

Monitoring Information System (MIS)

In this connection it is interesting to note the views Mr. C. S. Parthasarathy, Director, Monitoring and Information Division. He advocates an MIS (not to be confused with the popular management information system) even though there is a great deal in common between the two. The ideas of Mr. Parthasarathy are summed up below:

"The role of information is to provide the data base by which government and its technical/functional departments can discharge their monitoring function. The information characteristics mentioned above would exercise a profound influence on Government's ability to perform its monitoring function effectively. Data and information are collected, stored, retrieved and used at various jurisdictional levels (both vertically and horizontally) in the organisational hierarchy and also exchanged between them. It should be a specific objective of a Monitoring and Information System to improve the information handling character of government and its departments, sub-divisions, projects etc, when viewed as a total integrated system and to reduce the costs attendant on the information activities."

CONCLUSION

The State draft plan says: 'a plan is as good as its conception, more decisively it is as successful as the implementation'. Hence every effort must be made to achieve success. In order to mobilise the people for the plan, the process must start from the village level. It is in this context that the district plans have a crucial place. Targets fixed must be capable of achievement within the stipulated period. For this we must use all the modern management techniques.

We have achieved considerable progress during the last two decades of planning but lot more remains to be done. Our failure in implementation can mostly be attributed to human failure. Mr. Mohan Dharia who was our Minister for Planning till recently has aptly said "we have adoped the objective of socialism bnt we are not willing to enforce the necessary social discipline for achieving our goal'.

When the concept of the planning started in the early fifties, 1975 was a 'dream year'. 1975 is very near but the 'Ramrajya' visualised by Gandhiji is far away. Let us learn from our past mistakes so that we can do the right things and do the right, right now. Let us always remember the noble example of Mahatmaji who personified the common man in his thought, word and deed. It was this which enabled him to get us Swaraj. If we want to achieve 'Arthic Swaraj' (economic freedom) which is the ultimate goal of all planning we must continue to follow the path shown by Gandhiji. Let me end this paper by quoting Louis Fischer.

"If man is to survive, if civilisation is to survive and flower in freedom, truth and decency", the reminder of the 20th Century and what lies beyond must belong not to Lenin, or Trotsky nor to Marks or Mao, or He or She but to Mahatma Gandhiji".

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Summary of Discussion

In the discussion of the paper at the Seminar held in the seminar room of the Institute on Thursday the 28th November, 1974, under the Chairmanship of Dr. Malcolm S. Adiseshiah, Director, Madras Institute of Development Studies, the author began with the comment that a discussion on plan implementation seemed out of context as the Fifth Plan which should have started on 1st April has yet to take final shape. Systematic public discussion on plan implementation was organised mainly due to the leadership provided by the Madras Institute of Development Studies and the Institute of Techno Economic Studies in Tamil Nadu. Democratic countries in Asia which use planning as a tool for economic growth had in a Conference of the Eastern Regional Organisation in Public Adminis-

tration (EROPA) in Manila in 1971 commissioned detailed studies on the subject. In a later Conference in Tokyo in October 1973 certain broad guidelines were enunciated Today the Country faced an acute economic crisis and many of the plan approach assumptions were no longer valid. The Fourth Plan had ended in shortfalls in many sectors. The causes of failure were classified as structural, substantive and procedural constraints. The decision makers were urban by background and education and do not have clear insights into rural problems. This has been a contributory cause to failure in the agricultural sector. The economic imbalance is highlighted by the fact that 50% of our national resources were consumed by the 10% at the top. This inherent bias has led to the failure of the Community Development Projects—and has prevented the benefits of development reaching the poverty sector to any appreciable extent. The recommendations of the Administrative Reforms Commission have been accepted but there has been very little change in the approach of the administrators. There is no overlooking the fact that, apart from ability and skill, plan implementation calls for certain personal qualities of character, common sense and courage in administrator and citizen alike, which are not very conspicuous at various levels of national life. Various other specific suggestions were made for effective plan implementation. The participation of the people in plan implementation is essential. The existing collegiate planning forums can be more effectively used for this purpose by using them systematically for collection of data research on priorities etc. The proposal for mobilising school boys through work experience was referred to. If the discouraging performance to date is to be improved upon, it is necessary to decentralise both planning and plan implementation. Other procedural aids are adequate credit through nationalised banks, a Monitoring and Evaluation Organisation (MEO) and a Monitoring Information System (MIS). The infrastructure built up is perhaps the best in the Country.

In the ensuing discussion it was pointed out that the economic crisis referred to in the paper was in effect an implementation failure. We had drawn up good plans but had not built into the plan structure, the needed tools of implementation with the inevitable result of an array of short falls in various sectors at the end of the Fourth Plan – the most serious being in nitrogenous fertilisers, copper and the production of foodgrains had also a shortfall greater than the anticipated one. The deeper causes of this failure lay in the inegalitarian Society. Palliative policies aimed at raising everybody's standard of living without touching the basic inequalties had proved useless. Here the example of China and Cuba is relevant as their plan implementation was not better than India's. But their commitment to the creation of an equalitarian society has a much sharper impact on policy The best way of describing the desired change is to start sharing poverty, changing modes of living and patterns of consumption with special intent to create a healthier atmosphere. Despite acceptance in principle of the recommendations of the Administrative Reforms Commission, administrators at district levels have considerably less autonomy than a bank branch manager at the corresponding level. Initial efforts made in some States in the Direction of multi-level planning and decentralisation have brought to the surface domination by caste and power groups. It is doubtful whether leaders who are vocally committed to the changes under discussion are serious about implementing them.

People's participation implies a stake in the fulfilment of the plans. The majority sector which is the povery sector cannot

be expected to have such awareness. The organised sector, trade unions, management and professional associations, however, should turn their attention to problems connected with planning and implementation instead of concentrating on matters of exclusive interest to them. It was observed that the problems of implementation were rendered more complex by the transition we are passing through in terms of socio-economic structures and concepts. A few years ago planning from above would have met with greater success as there was little resistance to the flow of authority. Statistical data appeared to be collected without any clear idea of its immediate purpose A view was expressed that our planning was neither fully centralised nor indicative and flexible. In order to associate people in planning and implementation, it was necessary to organise and enthuse people at village levels. The approach and methodology for this could mean the direction and guidance of such groups by any of the agencies involved in their day to day activities not necessarily through political parties. A query was raised as to whether the village is as cohesive and functional a unit as is generally assumed. A study by I.I.M., Ahmdeabad, pointed to a disintegration of community life and feeling in the villages studied. Another survey of North Indian villages showed that the villagers knew very little about plans. So formation of village communities to educate and furnish information to people were necessary. In India there were a large number of laws with laudable objectives on the statute book but they had yet to be implemented. Moreover poverty eradication required a change in our attitude towards work, as in progressive countries like Japan and Russia. The view was expressed that change was a long drawn proeess and could be expedited by meaningful use of mass media to interpret the plan in terms of local dimensions and interests. Planning in India had laid emphasis more on economic aspects at the expense of socio-ethical considerations. The deterioration of social and personal values over the last 25 years was disquieting. It is for our sociologists to analyse this phenomenon and give us indications of what could replace out-worn traditional ethics and religious sanctions and reverse this process of erosion.

There was no controverting the reasons for failure highlighted in the paper and suggestions for re-orienting our approach to plan implementation were sound and practical deriving from Indian and regional experience.

IMPACT OF INFLATION ON THE INDIAN ECONOMY

THE MAGNITUDE :

The inflationary price spiral began in 1972-73 with a 10 per cent rise in prices, increased to 24 per cent in 1973-74 and in the first three months of this year has, as stated by the Union Minister of Finance when introducing the supplementary budget, registered a 7.6 per cent rise which is a further 30 per cent price increase for the year, if the current trends continue. Since planning began in 1950-51, except for six years, and until 1971-72, there has been a steady annual 3 to 4 per cent rise in prices. This was deliberate for two reasons. First mild inflation is a means of increasing savings and investment in the economy. Inflation is in effect a tax on money and like all taxes reduces real consumption and diverts the resources so saved into investment. Inflation is the one form of taxation which nobody can dodge. Inflation was thus used in all our four five year plans (along with foreign aid) to cover the investment and production gap between what was physically feasible and fiscally possible. Second our plan strategy has been all along to build up excess demand in the economy and regulate supplies through various administrative controls. This supply management and continuous increase in investments in the core sector has resulted in the 3 to 4 per cent annual inflation. Now however we have the phenomenon of run away inflation which from 1972 April to date is expressed in a cumulative price increase of over 40 per cent.

IMPACT :

The impact of this hyper inflation is highly visible and all pervasive. The most obvious and visible impact is the multitudinous wide ranging discussions, seminars, conferences, newspaper and journal articles and radio and television debates concerning the problem of inflation from which most sections of society are suffering. Here in Coimbatore you have had two seminars on inflation within the course of two months. This public pre-occupation with the inflation impact is an evidence of the many sided distortions that it is causing in individual, social, and national life and well being and it is these that I would like to briefly recapitulate.

First inflation has reduced even further the low living standards of our poor majority. In the two years 1972-74, the prices of food articles have increased by 37 per cent and in the six months of this year have registered a further 10 per cent rise. In August last year, the Union Government document placed before the Rajya Sabha took the monthly expenditure of Rs. 20 per person in the rural areas and Rs. 30 in the urban areas at 1964-65 prices as a minimum, and on that basis found that 44.57 per cent of rural people and 51.34 per cent of urban people in the country are living below that minimum in poverty. (For Tamil Nadu the poor are much higher at 50.94 in rural and 55.16 in our urban areas). According to the National Sample Survey data, the poor

* Extracts from the Inaugural Address by Dr. Malcolm S. Adiseshiah for the Seminar of Sri. Avinashilingam Home Science College for Woman, Coimbatore on October 8, 1974.

spend around 75 per cent of their total expenditure on food. Inflation in the last two and a half years has meant (a) a cutting back in the food offtake of the poor majority and (b) adding another 10 per cent to the people living below the poverty line. A pervasive belt tightening applies to all wage earners and fixed salary receivers, who can buy with the same amount of money including Dearness Allowances 30 to 40 per cent less of food and other articles compared to what they obtained two years ago.

Second inflation moves income distribution in favour of the speculator, trader, hoarder and black marketeer. In a period of hyper inflation such as ours and during which till three months ago the government did nothing to counter the continuing escalation of prices, the motivating factor was the expectation that prices will continue to rise still further. This led the large farmer to hold back his stocks to sell later at a higher price, the cement, baby food, dalda and edible oil, soap, sugar, pulses and the many intermediate and industrials raw material dealers and traders to stockpile the commodities in order to sell them at a higher price and in the process create a further shortage in the supply of rice, wheat, cumbu, cholam, edible oil, etc. which pushes up the prices. This kind of speculative, hoarded, trading activities have given a return of any thing between a minimum of 100 per cent and a normal about 200 per cent on the money invested in buying up these commodities, creating artificial scarcities and selling them at higher prices. These high incomes have to be hidden from the sales tax, excise tax and income tax authorities, and constitute what is called black money, feeding the flourishing parallel economy of the country.

Third inflation reduces savings. Savings are undertaken by households, corporations and the government. As far as household savsings are concered a number of empirical studies show that the individual's or family's marginal propensity to consume out of current income is large, the greater the degree of inflation, which put simply means, that the family reacts to price changes by maintaining money consumption at the expense of savings. Inflation has three negative effects on individual and household savings which constitute over 65 per cent of all savings in the country. If reduces the surplus, that is the difference between income and expenditure, out of which the family savings are made. It reduces the value of past and future savings and hence depresses the inducement to save. It makes the family move its savings from deposits and cash balances to non productive assets like gold, jewellery and real estate. This negative effect of inflation on household savings can be seen in the declining ration of fixed deposits over the past two and a half years. The second source of savings is the corporate sector. In a period of inflation, firms tend to increase their inventories, the stocks of both their inputs and outputs, inputs in order to safeguard against their future price rise and their non-availability, and outputs because they wish to sell their products at the anticipated future higher prices. One evidence of the declining savings by the corporate sector is the rising incremental ratio of bank credit to savings which has increased from 1.8 : 1 in the early years of the Fourth Plan to over 3 : 1 at present. The third source of savings is the public sector. Inflation increases the expenditures of the government — on dearness allowances and in all its non-developmental items of expenditures — and reduces its surplus over tax revenues. This is seen in the increasing trend of its non-development expenditures which have doubled in a decade and in the annual deficit expenditures which was Rs. 868 crores in

1972-73, Rs. 500 crores in 1973-74 and is running to Rs. 600 crores this year. Public sector savings have been on the decline for many reasons and inflation which raises their inputs costs but not commensurately their product price has simply added to this declining savings trend from 2.4 per cent of GNP before 1972-73 to somewhere around 2 per cent today.

Fourth inflation deflects investment to non priority sectors and unproductive channels. As the prices of essential commodities—cement, paper, edible oils, sugar etc.—are under some form of price control, investments do not flow into these sectors but rather into the non essential and luxury goods sectors with their high profitability rates, such as superior quality of paper, textiles and other consumer goods. But really the major part of the resources, particularly black money resources are flowing into the trade and speculative sectors, as pointed out earlier. In a period of continuously rising prices, industrial and agricultural production becomes far less profitable than investing in cornering the market for goods which are in wide demand, creating an induced scarcity, increasing their prices and making high profits which are fed back into the system of hoarding, smuggling and profiteering.

Fifth inflation upsets the budget estimates of the government and leads to increased rates of taxation particularly indirect taxation which bears heavily on the middle classes and the workers—as we have seen in the supplementary Union government and State budgets and the even more burdensome railway supplementary budget. This year's resources mobilisation of Rs. 6,728 crores is the highest taxes that those who pay taxes in this country have ever paid. Inflation not only widens deficit financing, but raises the bank borrowing by the government which has increased from Rs. 921 crores in 1970-71 to Rs. 1,234 crores in 1971-72, to Rs. 1,436 crores in 1972-73 and to Rs. 2,000 crores in 1973-74. We have concentrated on credit control to the commercial sector to a point where we have overlooked the fact that for every one Rupee of credit to the commercial sector, the banks gave Rs. 6 to the government in 1970-71, Rs. 10 in 1971-72, Rs. 24 in 1972-73 and Rs. 32 in 1973-74. Commercial credit control that was brought on by inflation is like rain, falling on the just and the unjust impartially—on the genuine industrialist and the speculative inventory, hoarder and trader equally. Inflation has also hit all our social services severely, making many essential nutrition programmes unviable leading to the suspension of the midday meals scheme for schools, sending the costs of text books, note books and hostel and mess fees to such a point that many a middle class parent has gone into debt to educate his children. In fact the study by my economics colleague in Gujarat university traces as one cause for the Gujarat revolution where students rose up and brought down the government and the State Assembly, the fact that each student had to go in for a debt of Rs. 30 per month to continue his studies. The average of 20 violent student incidents which take place in 10 of our States each month is traced back to student agitation against the rise in prices of essential commodities—rice, paper, clothes etc.

CAUSES:

Against this wide ranging impact of the inflation that we are experiencing, I would like briefly to trace the causes for this situation. First let me clear out of the way what are not the causes. Our inflation is not due to the fact that all countries in the world are passing through an inflationary phase. Inflation is not like plague or

cholera which occurs by infection from outside. Nor is it developed by some kind of osmosis. The developed countries are experiencing inflation ranging from 25 per cent in Japan to 13 per cent in the US and UK, 12 per cent in France, Switzerland and Western Europe generally. This is a bye-product of their affluence, the uninterrupted prosperity and GNP growth they have enjoyed through pursuing monetary and economic policies under which they have had full employment, abundance of consumer, intermediate and capital goods, rising wages and salaries, rising savings and investments. Contrast this with our rising unemployment and underemployment (which we discussed in depth last year at the Ramakrishna Vidyalaya Seminar), shortages of essential goods of all kinds and failing savings and investment rates. Inflation in this country is not imported from abroad. Such importing of inflation is true of the inflation in Australia where 40 per cent of its national product is imported and exported, and of the rich countries generally whose share of the world's international trade of $ 572 billion is 82 per cent. India's share of the world trade is 0.63 per cent, our total production is Rs. 38,921 crores and our exports, imports and foreign aid amount to Rs. 5,000 crores which is 8 per cent of our GNP. Under these conditions the rise in prices in foreign goods and machinery which enter our country is not a major factor in our domestic inflation. Further our inflation is not due to the oil crisis and the jump in crude oil prices from $ 1.80 per barrel of crude oil in January 1970 to $ 11.65 per barrel today. Petroleum, HSD, kerosene, lubricants and furnace oil have risen in price but apart from bus, taxi and other transport charges, they have not yet seeped down into the economy and do not account for the price rise that has already taken place. There will be a serious effect on the rise in crude prices on our balance of payments this year, and in the availability of essential goods as we export cement, steel, cloth, basumati rice, engineering goods in large quantities to the oil producing countries to pay for the oil. The recent agreement concluded with Iran by the Union Minister of Commerce to export over one million tonnes of cement (which explains the cement restriction order), 1,30,000 railway track sections and a vast quantity of sugar is an example of our having to face shortages in this country to pay for the same amount of crude that we imported 2 years ago at 1/5 its price. Finally it is not true that the unionisation of Labour and rising wages have caused our inflation. Apart from that the institutional factor that trade unions are fractionalised and weak in this country, the share of labour and wages in value added has continuously declined (from 39.6 per cent in 1960 to 34.7 per cent in 1969), during which period real wages have fallen (from 100 in 1960 to 99 in 1971). On the other hand it is the return on capital which has been rising (from 8.5 per cent in 1969-70 to 9.6 per cent in 1970-71). Thus the behaviour of wages do not account for the behaviour of prices.

My view is that we must look for the causes of inflation internally. And on this there is a wide measure of agreement among economists, workers, industrialists and public men, though on the emphasis, on what is primary and what is contributory, there are some variations. There is agreement that our total money supply has during the last 5 years run ahead our industrial and agricultural production by two and a half times. Our GNP index increased from 131.7 to 145.4 during the Fourth Plan, while the total money supply index increased from 209.6 to 352.9 during that period. There is agreement that the per capita agricultural production has been stagnant or falling during the

Fourth Plan (the index being around 102-103), with a marginal rise in per capita industrial production (from 143 to 148). There is agreement that our procurement of food grains has been weak and elastic. The procurement of food grains has been steadily falling and for the last two years ranging around 7 to 8 million tonnes against a minimum of 12 million tonnes that the public system needs. The procurement and issue prices have been based on political decisions and not on cost and inflation combatting factors. There is agreement that investment has been stagnant and in some vital sectors declining. The Rs. 371 crores economies in last year's budget was achieved by cutting back on plan investment. The Union Finance Minister has told us when introducing the supplementary demands for this year, that of the Rs. 200 crores economies for this year, Rs. 150 crores will come from this year's plan investment. There is agreement that the resulting industrial stagnation, the low capacity use (50 to 60 per cent) of our existing plants, the increase in the gestation period of our power plants, fertilisers factories, steel plants (Salem will now have to be extended by one more year) during which wages are paid against no increase in the production, are fuelling our inflation. Finally in varying degrees of agreement there is the unbridled operation of the parallel economy, the wasteful and conspicuous consumption of the rich and the mounting non-plan non-development expenditures of the Union and State governments which act as the necessary condition of the inflationary spiral. Economists classify these 6 groups of factors into the demand pull and the cost push causes of inflation. They act and interact on each other, the increase of money supply not only increasing the demand for food grains but also the rising prices of fertilisers, jute and cotton, and the shortage of power, spare parts and chemicals not only increasing costs but calling for and feeding on increased money supply

ANTI-INFLATIONARY ACTION :

At this Seminar, I presume that we wish to agree upon the action to be taken to arrest inflation and stabilise, if not lower prices. The short term immediate instrument for slowing down inflation is demand management—to curb demand and so arrest a further rise in prices. That is what the government has attempted in the 3 ordinances which have now became law on dividends, wages and DAs and compulsory deposits. Through this the government will be with-drawing around Rs. 1,000 crores of incomes in 2 years which will be a reduction of Rs. 200 crores in money stock, or about 4-5 per cent of the aggregate monetary resources in the country. I am not including the supplementary general budget or the supplementary railway budget in this group because the former is essentially revenue raising, and the latter definitely inflationary. Each of the three laws is open to a number of objections which I have detailed elsewhere, but on the whole they are a good start mainly through arresting the expectation that prices will continue to rise. That is a sound inflationary action to start with. But the continued rise in the prices by 3.7 per cent a little over a month after the measures went into effects, (with the prices of cereals rising by 5.8 per cent, pulses by 6 per cent edible oils by 8.5 per cent and sugar by 4.8 per cent) indicate that further monetary and non-monetary measures should be undertaken. There are thus 3 further issues on the side of demand management that I would like to call your attention to. First what we need to is to immobilise about 30 per cent of our total monetary resources, followed by a 5 per cent ceiling on future monetary growth which is what the 140 academic economists have proposed in order to

bring a 20-35 per cent fall in prices. You might examine this as an additional measure to the three ordinances laws under way. Second the demand management leaves untouched the parallel economy, the black money operators who are handling Rs. 10,000 crores per annum and the tax dodgers, smugglers and tax evaders. It is this group's demand which should be managed and how is this to be done? The economists' scheme provided for dealing with black money. Third in an earlier seminar here in Coimbatore, a plan for straight demonetization of the Rupee and the issue of a revaluorized Rupee was put forward, as a means of combatting black money and regiving the sagging confidence of the people and business men in money and business. This too is an issue which the seminar should examine.

The other means of combatting inflation is through stimulating and managing supply. Here the first priority is to increase food production. Statistical studies have shown that a one per cent increase in agricultural production results in a 0.51 per cent increase in industrial production reduces general prices by only 0.03 per cent. This means that the major anti-inflation instrument is an immediate, continuous and irreversible increase in agricultural production. If there is a core sector from the point of combatting inflation in our economy, it is food and cash crop agricultural production. How this increase can be brought about by land reforms and a juster agrarian structure, by making available imputs—HYV seeds, fertilisers, water, power etc. to the small and medium farmer, what agricultural price policy should be followed, are some of the issues to be examined in the seminar. This increased agricultural production must be accompanied by a viable procurement policy so that the public distribution system can distribute a minimum of 12 million tonnes going up to 20 million tonnes of food grains plus other essentials to our poor majority. Second with regard to industrial production, our first priority should be to ensure full utilisation of our existing units—power plants which in this State use around 35 per cent of capacity, fertiliser units, paper factories, edible oil mills, chemicals and dyes units and steel mills and it is to this end that additional investment should be channelled. Finally the various programmes to reduce inessential and eliminate conspicuous consumption, bring the rural rich under the tax net and reduce drastically the mounting non-plan, non-development expenditures of the Union and State governments are part of both supply and demand management.

I believe there is now a clearer appreciation of the disastrous impact of inflation among the citizens of the country and a growing consensus on the measures that need to be taken to combat and reverse this menace. I also believe that the government is moving in the right direction but we need to strengthern its political will so that its moves are not too little and too late. Time is running out on us in this fight—which is a fight for the well being of the poor majority of our country. I hope this seminar will give us the tools for carrying out this fight successfully and it is as a symbol of that hope that I have pleasure in inaugurating this seminar.

BOOK-REVIEW

Educational problems of scheduled casts and tribes in Tamil Nadu, 1973.

Four Volumes,

A study made by Mr. S. Ramanathan, Joint Director of the Madras Institute of Development Studies, Adyar, Madras.

Issued by the MIDS, 1974.

This MIDS study is the 3rd of its survey on scheduled castes tribes in Tamil Nadu. Its first servey related to 'the income earning trends and social status of the Harijans in Tamil Nadu, 1972' and the second related to 'the economic profile' of that community. The present study is in four parts i.e., two Volumes of two parts each, as it relates to scheduled castes and tribes in the context of high school and college studies. The entire survey is a mass of statistical data thrown into tables accompanied by a running commentary by the surveyor. Dr. Malcolm S. Adiseshiah writing a preface to the study says very pertinently that this "study is essentially a data collecting statistical exercise and attempts at quantifying all parts of the study and has therefore the strength and weakness of such an exercise", the alleged strength being the concentration of scattered material and its obvious weakness interpretationel difficulties. One is however amazed at the scholarly patience of the surveyor and his team in collecting this material from different sources. The auspices of the MIDS, and the expertise of Mr. S. Ramanathan supported by mechanical and manual assistance in sorting out of the data have gone into the useful survey. One presumes that Mr. Ramanathan is responsible for the interpretation throughout.

The study relates to the number of Harijans at school or at college, the benefits they have collected from the constitutional discrimination in their favour, the leeway they have yet to make, and the reactions of the Harijan students themselves and of the teachers to these situations, while also taking note of the new social tensions of this legally permitted discrimination generally between the Harijans on the one hand and the rest on the other. The surveyor makes a recommendation that most of the subcastes among the scheduled should be descheduled. Whatever advantages to scheduled community this recommendation may envisage, it is certain that official descheduling will not *ipso facto* lead to an integration of subcastes for it is an elementary principle of Indian anthropology that traditionally sociological facts of Indian society cannot be altered by legislative measures. It is therefore not surprising that a high percentage (87.5% of the interviewed) of scheduled castes themselves feel that untouchability should be abolished. This is because they, that is a majority of them, feel that their condition has not improved with the statutory abolition of untouchability. Education of the non-scheduled seems to be as necessary for the effective removal of untouchability as widespread education of the Harijans themselves. It must be remembered that castes and subcastes in India not only persist but proliferate because these castes bear in mind

considerations which may be irrelevant to secularist and egalitarian minded distant legislators.

It must be conceded that data by themselves mean nothing; i.e., contrary to the popular superstition, facts do not speak for themselves and the interpretors speak through them and they (the data) can be used for a variety of even contradictory purposes ! For example this survey seems to feel that caste Hindus—(I do not understand this expression—are not all Hindus caste Hindus, even as all politics is power politics ? i.e. caste is integral to Hinduism like power being integral to politics) keep away from the Harijans because the latter are engaged in unclean work. But it must be remembered that as society is now organized apart from the wishes of the modern reformer untouchability is not the direct consequence of merely the nature of the functions of the 'untouchables'. It is wider and deeper than this.

Lack of idealism and education on the part of the scheduled community, nay, of the entire Hindu community, on the one hand and lack of acquaintance with the hard realities of the rural life in India on the part of the optimistic legislators keep the distance between legislation and its beneficiaries perpetually wide. Pragmatism and idealism are found in the wrong places either way. This study which is concerned with the educational performances, opportunities and prospects of the scheduled communities is certainly useful in that we get the data without which no interpretation is meaningful. The MIDS must be congratulated on its signal service to the cause of sociological studies of current problems in Tamil Nadu. The publication does not wear a price tag.

N. SUBRAMANIAN

ANNUAL REPORT OF THE MADRAS INSTITUTE OF DEVELOPMENT STUDIES—1974

1. General :

The Institute's programme in its fourth year was influenced by the major issues facing the State and the Country. They were: (a) inflation and the means of countering it. Development in the State and the Country has been adversely affected by the 30 per cent rise in prices in 1974 leading to lowering the levels of living of the poor majority in the State and the Country, reduction of savings and diversion of investment into high profit, non productive trading and speculative acitivities, falling employment and an increase in the role of the parallel economy: (b) the shortage of food grains during the period July-October, leading to a doubling of the prices of cereals and food articles and problems in the functioning of the distribution system. The problem faced by the State in this regard is the impossibility of islands of sufficiency or plenty co-existing in a country of scarcity: (c) the three-fold rise in the price of petroleum, HSD, kerosene and other petroleum products which necessitated a change over in the fuel base of the economy and (d) the continuing power shortage in the State which for over half the year functioned under a 60 per cent cut reinforcing the need to change over to a coal fuel base—with coal being inaccessible and costly. The Institute's monthly Bulletin and its participation in seminars, conferences and working groups all over the State centred around these four problems —of inflation, food grains shortage, rise in oil prices and the power situation. Perhaps the Institute's annual programme established with help of the Advisory Committee should provide for some further room for the Institute's programme responding to current problems facing the State.

The regular programme of the Institute continued to be concentrated on its four major functions. The first is studies on selected agro-rural problems established in consultation with the Ministry of Agriculture, including animal husbandry, fisheries and forestry, the Ministry of Rural Development and Local Administration, the Ministry of Social Welfare and the Ministry of Labour. Due to the relatively rapid turnover of the research staff during the year there was some slowing down of the studies undertaken, three out of the five presented to the Fourth Meeting of the Advisory Committee. There will be change in the recruitment and employment policies in 1975 to avoid this source of delay in the execution of the programme.

The second programme of seminars and meetings have been successfully completed. The monthly programme of seminars was adhered to and has helped both in the inter-disciplinary review of the State's Fifth Plan sectoral plans, with suggestions for their readjustment and speedy and effective execution. The annual seminar conference for the year was replaced by the Institute organising for the Indian Economic Association a two day seminar. In relation to this second function, the Institute has been during the year requested by various departments of governments—Finance, the State Planning Commission, Social Welfare and Educa-

tion – to organise for them at the Institute seminars and meetings for the review and discussion of certain urgent and topical issues facing them. The Institute seems to provide the government departments with an atmosphere where the discussion could be based solely on the technical aspects of the problems.

The third programme is the documentation and publication programme. The library which is essentially for staff use has been used by research scholars from the universities in the State. Not much progress during the year has been made in developing an abstracting service which had been planned and reported to the second meeting of the Advisory Committee. Acquisition of foreign books, journals and publications still predominates over those from the Country. During 1975 special action will be taken to improve the intake of Indian publications. The Institute's publication programme covering the monthly Bulletin, printed and mimeographed monographs and books was satisfactorily executed, with some adjustments in the volume due to the doubling of printing and publication costs.

The fourth programme is the Southern region inter-university programme centering around problems of teaching, research and methodology in the Social Sciences. The activities organised during the year have been also used as a means of strengthening and popularising the Southern Regional Centre of the Indian Council of Social Science Research located at Osmania University, Hyderabad. Some progress having been made as a result of the first two years' activities in the area of disciplinary research methodologies, a new programme of study and training in inter-disciplinary research methodologies was launched during the year.

The Institute has continued its co-operation with the Indian Council of Social Science Research and has continued to be enriched by the advice and guidance received from the Council. The Institute's co-operation with the Institute for Techno-Economic Studies, Madras, the staff of the Centre for Development Studies, Trivandrum, the Institute for Economic and Social Change, Bangalore and the Institute of Development, Hyderabad have been further strengthened during the year. The Director of the Institute as Chairman of the Committees completed during the year the review of the functioning of two Universities—the Social Sciences Faculties of the Andhra University, Waltair and the Tata Institute of Social Sciences. As Chairman of the Association of Asian Social Sciences Research Councils, the Institute's relations with Japanese and Iranian Social Scientists were used to plan a second meeting of the Association in 1975 in Iran. The Director was elected President of the Indian Economic Association for the year 1974, arranged for the Institute's facilities and services to be available to the Association in redrafting its constitution, formulating and executing its programme for the year and preparing the programme and budget for 1975, arranging for representation at the Council and World Congress of Economists at Budapest of the International Economic Association, the visit to Indian Universities of four foreign Professors of Economics and the Annual Conference to be followed by a Seminar of the Association at Andhra University, Waltair.

2. Studies

In execution of the programme of studies for 1974 presented to the fourth meeting of the Advisory Committee, the studies completed, underway and postponed during the year are as follows:

Completed

(A) *Educational Problems of the Scheduled Castes and Scheduled Tribes in Tamil*

Nadu: This study by a team headed by Prof. S. Ramanathan based on personal interviews and a structured questionnaire covered a sample of 759 Scheduled Castes students and teachers including a control sample of non-scheduled caste students and a sample of 366 scheduled tribes and teachers was completed in July and presented as a four volume study to the Indian Council of Social Science Research and to the government of Tamil Nadu. The report records a satisfactory progress in the school and college education of scheduled castes and tribes, boys and girls, with a better coverage of scheduled castes students at the primary level compared to the non-scheduled castes students, with lag at the other levels for the former and at all levels for the scheduled tribes students. They work harder for longer hours and have fairly defined goals. The report also calls attention to the growing inequality as between the various scheduled castes and tribes, the smaller ones being much better off and proposes the descheduling of the smaller scheduled castes and tribes, increased stipends, compensatory education, an information programme for making known to them the constitutional and other provision for the improvement of their status and an economic and social programme that would support the educational effort in removing all their handicaps. The report is being consolidated by the Indian Council of Social Science Research with similar reports from 16 other states to form an all India report to the Lok Sabha on the educational status of scheduled castes and tribes with recommendations for action on which the government and the Lok Sabha can act. The State government organised a seminar in September in the Institute at which follow up actions on the 4 volume report by the Departments of Education and Social Welfare were agreed upon.

(B) *Rural Employment in Tamil Nadu*: This study by Mr. J. Viswanathamurthy has been extensively reviewed and revised by Mr. C. L. Narasimhan. It has now been completed and is being prepared for the press as a publication under the joint authorship of Messrs J. Viswanathamurthy and C. L. Narasimhan. The report analyses the 1961 census data of rural Tamil Nadu, redefines the unemployed and under-employed, attempts across check of the data set forth in the State's 25 District Plans and proposes a programme of rural investments as a means of generating employment, reducing underemployment and increasing rural production.

(C) *Women's Welfare in Tamil Nadu*: This study by Miss K. G. Rama completed in December of last year and reported to the Committee was presented to the government in November along with a short memorandum indicating the main lines of follow up action.

(D) *Poverty and Supply of Wage Goods in Tamil Nadu*: This study by Mr. M. Ramamurthy completed in September of last year and reported to the Committee was presented to the government, along with a follow up memorandum in further execution of its conclusions incorporated in Tamil Nadu's Perspective Plan (1974-1984).

Continuing

(E) *Primay Education and Adult Education in Tamil Nadu*: This study by Mr. A. Joshua is nearing completion. Apart from the administrative preoccupations of Mr. Joshua, as Deputy Director, the continuing inflow of new information particularly in the area of non-formal and informal education has called for continuous revision of the material incorporated in the study and the recommendations for action that follow from it. Meanwhile the State government has requested the Director to undertake a review of non-formal education in the State, which atleast in part this study should meet.

(F) *Unemployment of ITI Graduates:* This study has completed its first phase. A sample of 2,000 trainees who are unemployed have been interviewed and for each a questionnaire in Tamil has been completed. Mr. Subramanian in the secretariat of the State Planning Commission who had undertaken to decode and analyse the data has been transferred to other duties. A research specialist is being appointed to analyse the assembled data and develop recommendations to counter the growing unemployment of the trainees.

(G) *Economic and Social Status of Small Fishermen in Tamil Nadu:* This study undertaken by Mr. Selvaraj is in the final stages of analysis and report writing. The project involved interviews of a sample of 200 small fishermen living on the 1,500 kms. shoreline of the State and the filling in of a questionnaire in Tamil. The research officer in charge of the project was appointed as a lecturer in Economics at the Madras Christian College and this has involved a delay of 4 months in the completion of the report.

(H) *Educational Profile of Jobs in Tamil Nadu:* This study by Mr. Ravi Shankar involved analysis of some 2,000 educated unemployed registrants at the Employment Exchanges all over the State, with the co-operation of the Department of Labour and interviews with the employers in the private and public sector. The analysis of the data and the first part of the report was completed by July. The Research Officer, Mr. Ravi Shankar, had to leave for Yale, U.S.A., to take up his Ph.D. studies in August and plans to write by early 1975 the final part of a recommended programme that will make a better fit of educational qualifications to job requirements.

(I) *Relation between Rural Poverty and Rural Under-employment in Tamil Nadu:* Work on the research design on this project was started in March by Prof. S. Ramanathan, who could not continue work on the design till the report on the educational problems of the scheduled castes and scheduled tribes had been completed at the end of July. The project has been submitted to the ICSSR for technical advice and financial support. Meanwhile Prof. Ramanathan has taken over another assignment and the Institute staff has been in correspondence with ICSSR over the finalisation of the project design. It is expected that Mr. C. L. Narasimhan will take over this project which will run over a period of 18 months.

(J) *Operational Efficiency of Small and Medium Plantations:* This study being undertaken by Miss Meena Kumari has involved the gathering of primary data from the Department of Agriculture and the United Planters Association of South India which has been completed. The research design of the project has also been completed and it is expected that the report will be finalised by July 1975.

(K) *Impact of Rural Development Programmes on the Rural Economy:* This project requested by the Department of Rural Development could not be initiated during the year because of the lack of suitable staff. Subject to the availability of such staff, it is proposed to execute the project in 1976.

3. Seminars:

(a) The Monthly Seminars on the State's Fifth Plan were run in accordance with the plan submitted to the Committee at the last meeting. The seminar organised on the last Thursday of every month has an average attendance of 15 members of the seminar—education, natural scientists, social scientists, and technologists. The programme was as follows:

Theme: **TAMIL NADU'S FIFTH FIVE YEAR PLAN**

Subject	*Author*	*Chairman*	*Date*
Tamil Nadu Economy 1972	R. Ramanujam	Mrs. B. N. Chinnappa	Thursday, 31st Jan.
The Fifth Plan—A Critique	C. T. Kurier	Dr. Malcolm Adiseshiah	Thusrday, 28th Feb.
Science and Technology in the Plan	S. Sampath	A. Ramakrishnan	Thursday, 28th Mar.
Health and Family Planning	A. Hamsaleelavathy	Dr. Malcolm Adiseshiah	Thursday, 25th April.
NO SEMINAR		MAY	
Backward Class Welfare	S. Ramanathan	K. K. Pillai	Thursday, 27th June.
Industries in the Fifth Plan	V. C. Kulandai-swamy	C. S. Mahadevan	Thursday, 25th July.
Agriculture in the Fifth Plan	P. V. Rajkumar	A. Devasia	Thursday, 29th Aug.
District Plans	C. M. Abraham	Dr. Malcolm Adiseshiah	Thursday, 28th Sep.
Informal Education	S. V. Chittibabu	C. T. Kurien	Wednesday, 30th Oct.
Plan Implementation	T. V. Natarajan	M. N. Rao	Thursday, 28th Nov.
Financial Frame of the Plan	V. Shanmugasundaram	T. S. Venkataswami	Monday, 23rd Dec.
Tamil Nadu Economy, 1973	T. S. Venkataswami	A. Devasia	Thursday, 30th Jan. 1975

(b) Five special seminars and meetings were organised in the seminar room of the Institute during the year at the request of the government.

Subject	*Presented by*	*on Request from*	*Date*
Decentralized Planning	John Lewis	Department of Finance	Thursday July 4th,
Implementation of Science and Technology Plan	M. Ahuja	State Planning Commission	Thursday July 18th,
Educational requirements of jobs	Ravi Shankar	Department of Labour	Friday June 21st,
Educational Problems of Scheduled Castes & Scheduled Tribes	S. Ramanathan	Department of Education & Social Welfare	Wednesday Sep. 18th,
Comprehensive Schools	S. Perumal	Department of Education	Monday Oct. 14th.

(c) This year's annual seminar conference in Madras was replaced by the seminar for the Indian Economic Association organised at Andhra University, Waltair on December 30th and 31st on the subject "Improvements in the teaching of economics". 30 Economics Professors engaged in teaching reform have been invited to the seminar which is being financed by the University Grants Commission. The 30 papers for the seminar prepared by the participants have been reproduced and circulated among the participants. The seminar is being attended by Prof. George Skorow (USSR) and Prof. and Mrs. Frank Hahn (UK). It is planned to bring out a publication on improved teaching of economics incorporating the proceedings of the seminar.

4. Inter University Programmes :

(a) *The Fourth Meeting of the Heads of Social Science Departments of the Southern Universities* was held on December 7th and 8th at the Institute in co-operation with ICSSR Southern Regional Centre. 25 Heads of Departments of Economics, Sociology, Political Science, Geography, Psychology, Business Management and Anthropology met and discussions centred around problems of teaching and research in the social sciences and means of dealing with them. The meeting also reviewed the programme of text books in the social science being produced by the Professors in the various languages of the 4 States and noted the need to expand this programme. After a study of this year's workshop on inter-disciplinary research methodology on the poverty problems, it decided to organise a fifth workshop in May 1975 on inter-disciplinary research methodology around the theme Regional Planning to alleviate poverty.

(b) *The Fourth Workshop of Social Scientists* : on inter-disciplinary research methodology, under the auspices of the ICSSR Southern Regional Centre, was held from April 1-7 in Osmania University, Hyderabad, with Dr. (Mrs.) Jussawalla,

Principal and Professor of Applied Economics, Dean Faculty of Social Sciences, Osmania University as Director. It was attended by 22 Economists, 5 Sociologists, 2 Geographers, 3 Psychologists, 2 Political Scientists, 1 Educationist, Management Specialist and Historian each. The workshop had 12 papers prepared by participants on the methodological techniques and problems involved in the study of poverty by each discipline. It was assisted by Prof. S. Das Gupta (Banaras), Prof. Durgananda Sinha (Allahabad) and Prof. Rashiduddin Khan (Hyderabad) as resource persons. As a first essay in inter-disciplinary methodological discussion, the workshop enabled each disciplinarian to understand the language and techniques of the other disciplines and issued a statement which concluded with their responsibility:

"Specifically, the social scientists today have the responsibility:

(i) to direct their studies and research into the analysis of poverty, search for its causes and suggesting measures for its eradication;

(ii) to evolve a pattern of socio-economic development and a style of living compatible with the realities of the Indian situation; and

(iii) to work for a radical transformation of the social structure involving changes in existing property relations, educational systems and political processes to ensure that inequalities are reduced, opportunities are equalised and a healthy democratic society informed by freedom and justice is evolved".

There were important lessons in organising the discussion, prior preparation and aiding in arriving at conceptual frames which will be taken into account in future workshops.

5. Publications:

(a) *Bulletin*: The monthly issue of the Bulletin was issued during the year on the 24th day of every month. The first special issue of No. 5 & 6 contained the results of the Fourth Census of Social Science Research in Tamil Nadu. The second special issue will contain some of the papers produced at the Inter-disciplinary Research Methodology Workshop, Hyderabad. To meet the increased costs of printing, the Bulletin size was reduced and its price increased.

(b) The publications brought out during the year were:

(i) Plan Implementation — Problems and Prospects for Tamil Nadu's Fifth Plan.
by Dr. Malcolm S. Adiseshiah

(ii) Educational Problems of Scheduled Castes and Scheduled Tribes — Four volumes
by S. Ramanathan.

(iii) Poverty and the Supply of Wage Goods in Tamil Nadu.
by M. Ramamurthy

(iv) Women's Welfare in Tamil Nadu
by K. G. Rama

(v) Productivity of Minor Irrigation in Tamil Nadu.
by G. Venkataramani.

In view of the increase in printing costs, the contracts with the St. Louis Institute Press for the printing of the Bulletin and with Sangam Publishers for the printing of the Institute's books were revised replacing the increased costs.

6. Accounts:

The audited statement of accounts for the year 1 April 1973 to 31 March 1974 are set forth below:

MADRAS INSTITUTE OF DEVELOPMENT STUDIES

INCOME AND EXPENDITURE ACCOUNT FOR THE YEAR ENDED 31 MARCH 1974

EXPENDITURE

To	Salaries			13,795.00
,,	Books and Periodicals			605.50
,,	Printing and Stationery			12,755.80
,,	Postage and Telegrams			1,008.98
,,	Telephone Charges			1,049.30
,,	Electricity Charges			2,165.65
,,	General Expenses			3,080.10
,,	Repairs and Maintenance			727.58
,,	Insurance Premium			500.00
,,	Land Tax			326.00
,,	Conveyance			20.65
,,	Water Tax			27.25
,,	Bank Charges			30.49
,,	Advocate's Fees			25.00
,,	Travelling Expenses		29,063.24	
	Less Reimbursed		28,983.74	
				79.50
,,	Audit Fees			300.00
,,	Depreciation:			
	Books	25%	25,000.00	
	Building	2½%	1,402.00	
	Furniture	10%	2,673.00	
	Electrical Fittings	10%	407.00	
	Air Conditioner	10%	443.00	
				29,925.00
	Total			66,421.80

INCOME

By	Donations Received	37,600.72
,,	Miscellaneous Receipts	9,189.04
,,	Interest Received	13,044.51
,,	Subscriptions Received	497.81
,,	Excess of Expenditure over Income	6,089.72
	Total	66,421.80

G. JOSEPH & CO.,
Chartered Accountants.

MADRAS INSTITUTE OF DEVELOPMENT STUDIES

BALANCE SHEET AS ON 31st MARCH 1974

LIABILITIES

Donors, Trustees and Endowments :	...		4,09,742.73
Income and Expenditure Account :			
As per last Balance Dr.	...	3,277.51	
Add excess of Expenditure over Income	...	6,089.72	
Contra	...	9,367.23	
Monograph on Kurchiya Project :			
Grant Received	...	4,000.00	
Less Expenses	...	3,700.00	
			300.00
S C / S T Education in Secondary Schools and Colleges :			
Grant Received	...	47,500.00	
Less Expenses	...	36,333.94	
			11,166.06
Seminar on Who are the Poor :			
Grant Received	...	28,000.00	
Less Expenses	...	20,630.58	
			7,369.42
International Adult Education	...		754.56
Andhra University Social Science Committee	...		100.00
Outstanding Liabilities :			
Audit Fees	...		300.00
Total	...		4,29,732.77

ASSETS

Building :	...	56,084.00	
Less Depreciation	...	1,402.00	
			54,682.00
Books :	...	1,00,000.00	
Less Depreciation	...	25,000.00	
			75,000.00
Furniture and Fixtures :	...	26,734.00	
Less Depreciation	...	2,673.00	
			24,061.00
Electrical Fittings :	...	4,075.00	
Less Depreciation	...	407.00	
			3,668.00
Air Conditioners :	...	4,433.00	
Less Depreciation	...	443.00	
			3,990.00
Sundry Debtors :			
A. S. M. Abdul Khader & Co.	...	235.00	
Indian Economic Association	...	369.10	
Printing of Review Committee Books..		734.49	
			1,338.59
Deposits and Advances :			
Fixed Deposit with I. O. B.	...	1,50,000.00	
Telephone Deposit	...	360.00	
Electricity Deposit	...	260.00	
			1,50,620.00
Income & Expenditure Account contra	...		9,367.23
Outstanding Income Accrued Interest	...		937.50
Cash and Bank Balances :			
Cash on hand	...	37.34	
Cash at Bank-I O.B. Current a/c	...	49,870.23	
,, ,, S B. a/c	...	53,799.02	
,, ,, S.B.I.	...	2,361.86	
			1,06,068.45
			4,29,732.77

G. JOSEPH & CO.,
Chartered Accountants.
Sd.

THE PROBLEM OF POVERTY—SOME METHODOLOGICAL ISSUES (ECONOMICS)

By

Dr. C. T. Kurien

Professor and Head of the Department Economics, Madras Christian College, Tambaram.

1. There is general agreement that poverty is the greatest social evil in our country today. But on the analysis of the problem there are wide differences of opinion. Such differences are partly the result of diverging ideological and value commitments which often lie hidden in what are claimed to be objective and scientific analyses. Because ideology and analysis interact differing academic perspectives are the results and causes of ideological divergences. Practical problems constitute a testing stone both for ideology and analysis. Confronted with a massive, crucial and complex problem like poverty the test is not only whether academic exercises can contribute to the understanding of the problem, but also whether they can help in its solution. The purpose of this note is to isolate some methodological issues which, it is hoped, will assist in that testing process.

2. In the realm of economics most analyses of poverty identify the poor as those who do not (involuntarily) achieve a defined level of consumption or income. Because of the difficulties in having a satisfactory concept of income applicable in these instances, it has now become common to use some physical index of consumption (such as a per diem intake of calories) to identify the poor. There are difficulties even in such an approach. But the main problem in analysis is not so much the identification of the poor as an explanation of the situation. Following practices used in other countries (as in the United States, for instance,) there is a tendency to treat the problem essentially as one of maldistribution of income to be corrected by appropriate redistributive instruments such as taxation and income subsidies.

3. But in a situation where close to fifty per cent of a vast population gets classified as poor in terms of the very low standard chosen, poverty must be seen to be part of the totality of the system consisting of (using the categories of economics) production processes, demand patterns, distribution mechanism—in other words with the entire configuration of forces that are related to the use of resources. The nature of inter-relationships of these forces may be spelled out as follows: Mass poverty has two related aspects—the inadequacy of the production of goods (in the system as a whole) required for basic consumption and the inadequacy of purchasing power (on the part of the poor) to commandeer such goods. It reflects deficiencies both in the product mix of the system and its production processes. These, in turn, are related to the ownership pattern of resources in the economy. Where a substantial percentage of the population owns no non-labour resources and where these resources are concentrated in the hands of a small percentage of the population, the demand structure in the economy will be biased against the mass production of basic

goods, the production processes in the economy will be geared to the production of goods to satisfy (the growing) demand of those who own the resources and such production processes will be biased against the large-scale utilisation of labour.

4. Upto this point there is a fairly wide agreement among economists regarding the analysis of poverty. Some will go a step further and argue that as long as these conditions prevail a mere increase in the capacity to produce ('growth' to be brief) will not automatically eradicate poverty, but others do not share this view.

5. If analysis is meant to suggest remedial measures for action the underlying causes for disagreement must be carefully examined. It may be useful first to look at the different 'schools' within economics itself.

6. The use or allocation of resources constitutes the main issue in the liberal school of thought in economics (represented broadly by the Anglo-American tradition in economics). In relation to the use of resources the theoretical system of liberal economics has two fundamental aspects. In the first place, it presupposes a divorce between the ownership and use of resources. In two of the commonest variants of the system the decision-makers are divided either into consumers, producers and resource owners or into households and enterprises. In either case the producers ('firms') are mere users of resources (of both labour and non-labour resources) without any ownership claims and all ownership rests with non-producers ('households'). In fact much of liberal economics is built on the assumption that ownership patterns of resources do not affect the use of the services of resources. Secondly, in what is considered to be the norm in liberal theory the use of resources is also not governed by power. The absence of the consideration of power in decision-making regarding the use of resources is achieved by assuming that there is such a wide diffusion of power in the system that power is matched by power and hence it is possible to proceed 'as if' differential power does not destroy the smooth operation of the system. Of course, theory recognises deviations from the norm (monopoly. oligipoly, bilateral monopoly etc.) but then these *are* deviations.

7. The basic approach of the liberal school is postulational, the attempt to deduce logical conclusions from stated postulates. The two implications indicated above can easily be attributed to the nature of the postulates of the system. The diffusion of power is achieved by assuming that there are sufficiently large numbers of decision-makers as consumers, producers and resource owners so that no one decision maker can influence the system. The divorce between ownership and use is achieved by postulating that all decision-makers have a sufficiently large initial endowment of resources to make it possible for them to survive on the basis of their own resources if they chose to do so. In other words, the basic postulates of liberal economics relating to the distribution of resources and power in the system preclude the state we now describe as 'mass poverty'. Exercises in postulational method have shown that the tenets of liberal economics, the divorce between ownership and use, for instance, cannot be sustained where other conditions regarding the endowment of resources are postulated.

8. Whether assumptions are satisfied or not in an empirical sense is not a postulational, but historical question. The postulational method does not and cannot address itself to that question. It has to be approached by the historical method.

9. Within economics the historical method is best represented by Marxism. Marxist economics does not address itself to the problem of poverty as such. But it demonstrates that historical forces result in the use of resources being decided almost exclusively by the ownership of resources, and that some stages in history are characterised by society being divided into those who own and use resources on the one hand and those who do not own resources and hence are used by the former. In this sense the Marxist analysis comes closer to the problem of poverty than does the liberal analysis. In more recent times Marxist economists have also pressed into service the historical forces of colonialism for an analysis of the poverty of nations. In its explicit recognition of ownership and power in the treatment of economic problems and in placing poverty in historical perspective Marxism stands in sharp contrast to liberal economics.

10. But in its close identification of power with property Marxism also becomes postulational. Much of Marxist analysis proceeds 'as if' ownership of property is the only source of power in the system. From this comes the identification of power with class structure and the class analysis of the state, all of which are closely linked up with the analysis of poverty.

11. At this state the dialogue about poverty overshoots even the broad confines of economics and has to move into areas pertaining to the sources and nature of power as a preliminary to an examination of social dynamics. In dialectical models like Marxism the mechanics of social change is conflict and conflict is absolutised by postulating a polarisation of the base of power (property). But this is a postulational and hence analytical model of social dynamics. How valid is it historically? Again, is this the typical case, or is it just an 'ideal type'?

12. A conceivable alternative postulational model is a model of plurality of power, where power is polycentric, rather than monocentric, with the system having many centres of power with varying densities. The dynamics of the system will then be related to factors, endogenous and exogenous, that cause changes in the densities of the power configuration. Is such an alternative postulational model historically valid? To what extent is it a more general empirical situation of which the polarisation model is one of the limit cases?

13. These questions are crucial for an understanding of poverty and for any attempts to fight poverty. For, a conscious effort to fight poverty is a matter of social engineering. It calls for a detailed and precise knowledge of the configuration of factors responsible for poverty and for an understanding of the network of forces which can accelerate change in the desired direction.

THE PROBLEM OF POVERTY—SOME METHODOLOGICAL ISSUES (SOCIOLOGY)

BY

PROF. N. SATISH SABERWAL

History Centre, Jawaharlal Nehru University, New Delhi.

The sociological literature on India has considered not 'The Poor' as a category but some other categories which overlap with it: the Scheduled Castes, the Scheduled Tribes, the urban slum residents, agrarian labour in the context of agrarian relations, and so forth. These enquiries deploy a variety of techniques, depending on the general orientation and the level of analysis sought. The ICSSR surveys, now in press, examine the voluminous literature on these themes this note will refer to a few studies but its prime thrust is conceptual.

While it is possible to think of absolute poverty, in a context such as India's, with its inequalities, the concern must be relative, that is, the poor must be seen in relation to the rich, in the context of the inequalities. Commenting on a paper on a Calcutta slum, for example, Surait Sinha (1972 : 272) says:

> ..... it appears that the slum dwellers do not feel that they can find a way out of the social quagmire into which external social pressures have pushed them.

What, then, is the magnitude of the inequalities? Economists would reply with tables giving distributions, interpreted along the following lines: some 40 per cent of the people get fewer than the minimum calories needed for the daily round—that is, they live on slow-starvation diets; some 95 per cent, at 1967-68 prices, spend less than Rs. 2 per capita per day (Dandekar and Rath, 1971: Table 2.7), and so forth. These survey data, however, have to remain silent about the really affluent 1-in-10,000: in so far as those who are 'living quietly off dustbins' in Calcutta (Chakraborty, 1972 : 126), have income and expenditure at zero level, it is mathematically correct to say that most others are *infinitely* more wealthy; the same holds for our 1-in-10,000 compared with, say, the bottom 5 percent.

Distribution and ratios, however, cannot be a sociologist's answer to the question, 'who are the poor?'. So, let me try a qualitative answer: 'The poor are incompetent'. For this somewhat awkward answer to make sense, the word 'incompetent' needs supplementing, and this can be done in at least three ways.

First : *the elite perceives the poor as incompetent.* The constraints of an election-linked polity discourage this elite from proclaiming this perception from the housetops, but both personal observation and the following discussion would show that the elite takes it for granted; that it does not consider the mass of the poor to be competent to protect their own interests : for example, by dispensing with today's ruling elite whose incompetence—and devoted self-serving—has, by any objective measure, long been clear.

Secondly: *the poor find themselves treated as incompetent.* This happens because, in

the absence of a revolution from below, all consequential structures of decision and performance are organized so that those who control and operate these structures are separated, by formidable protocol, from the bottom 40, or even the 95 per cent, of the population. This protocol can be surmounted in various ways: *personal* attributes of dress, language, etc.; *social* attributes of resourceful networks; or the *political* attribute of possessing power; but the poor are, in any case, poor because they do not have any of these. (See: Mencher, 1970, discussing Kerala's rural developmental bureaucracy; Hunt, 1971, on Gujarati Small Industrialists; and Saberwal, 1972, on Punjabi Small Town Politics.)

Finally, *the society is so organised as to keep the poor incompetent.* The key element of this organization is the very great variation in the pattern of property holdings. This gives rise to spectacular differences in the magnitude of individual interests, in the capacities to articulate these interests, and in the capacities to pay and to command the decision-makers so they would attend to one's interests. Gaikwad, Tripathi, and Haque (1973) have recently made this point with reference to the actual location of the political and the administrative channels in rural areas in Madhya Pradesh.

It can now be argued that the foregoing procedure serves to unify the findings in diverse domains in many different regions in India. Let us, now, drop the very general word, 'incompetent', and consider the three sentence frames we are left with:

(1) The elite perceives the poor as .... ,

(2) The poor find themselves treated as .... ,

(3) The society is so organised as to keep the poor .... ,

We can try, now, to replace the very general term, 'incompetent', with more specific terms, such as 'dirty', 'ignorant' 'impotent', 'unworthy of attention'—and 'poor'. This procedure would permit us to explore some of the cognitive, the behavioural, and the structural dimensions of the fact of the poor in India.

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THE PROBLEM OF POVERTY—SOME METHODOLOGICAL ISSUES (HISTORY)

BY

DR. N. SUBRAHMANIAN

Prof. of Ancient History,

Madurai University, Madurai.

Before the historical approach to this particular question is taken up, it will be necessary to know the normal characteristics of history as a discipline and its relevant tools and framework whatever the topic of study. History like any other branch of knowledge is an independent discipline in that its scope and functions are not those of any other; it is different in that it is more comprehensive and inclusive than any other, but all the time combines the graces and manners of more than one discipline like literature commingling with chronicle, scientific methods of data collection as employed by statisticians [1] or physicists [2] being simult aneously used along with philosophical criticism logically structured. Thus history though independent is not autonomous.

History as a discipline with its theoretical contours well marked out is of recent origin, while its practice from the earliest stages has been associated with the study of source material relating to events, individuals and institutions: this study is generally conducted as of subjects affected by passage of time i.e. as evolving phenomena; and in this sense an unexpressed realisation of the validity of the principle of evolution came to history earlier than to natural scientists.

Time is an assumption; chronology is a framework; and geography is the venue for the operation of history as a series of occurrences, in most cases causally connected. The fabric of history is made up of geography and chronology and their study is essential pre-requisite to any exercise in any history. In the theory of history the philosophical concept of time qualifies the value of uncritical statements, making relative evaluation (providing for variables) necessary for proper understanding. This is as much true of character evaluation as of estimates of situations and institutions. This has to be done without committing the grievous fault of historicism, but the philosophical characteristic of time will make a knowledge of philosophy desirable if not necessary. Determinaton of chronology has often to be with reference to astronomical data. So geography, philosophy and astronomy become essential aids for history. Philosophy in recent times has been playing a leading role in historical studies of a theoretical nature and historical epistemology has become a tough field of logical enquiry and metaphysical theorising. The possibilities of historical truth being discovered and known through the logical process alone is currently questioned by the philosophy of irrationalism.

1. *Vide.* A study of the Doomsday Survey or Present day standards of living studies or War Accounts or Election analysis etc.

2. Carbon 14 testing for Archaeological dating etc.

Documents which are source material for history can be literary compositions or dumb artefacts and monuments, ruins and coins and other tools for the reconstruction of the past. Literature - whether endowed with literary grace, which is essential when portraiture is attempted or artistic flashbacks on past situations have to be made or mere dry-as-dust matter-of-fact statements - and archaeology are closely associated with the business of detecting and narrating history. Sciences like geology, paleobotany, chemistry also come to the aid of pre-and proto-historians. Linguistics are becoming more essential aids for historians as the realisation that language is the medium of culture grows. Logic which is the process of rational thinking plays more than its usual role in the case of history and this will be evident to anyone who knows the number of logical errors a careless historian can commit.[3]

Archival material dealing with practically every aspect of social and political life in which governments are interested is a necessary source for the historians of the modern period of human history. But the ever growing volume of such material poses a problem to the historian, of choosing from the vast heap after ordering it. This material contains information useful to economists, sociologists, practising politicians etc. In fact to every one interested in any aspect of the public life of the country, so that the interests of the historians become truly 'inclusive'.

The close relationships between history and economics needs no special mention. Economists like others need to know the past of their own discipline and therefore do some economic history and historians are concerned about the activities of Homo economicus. Apart from the Marxian and allied doctrines which relate the entire historical process with the economic modes of production and have impressed some historians considerably and in some cases the involvement in each other of these disciplines has been complete; so that at least in certain fields of enquiry a historian who is not well acquainted with the methodology of economists will be involved in misleading and partial historical studies whose ultimate utility will be very little.

More than the disciplines mentioned above, one should insist that the historian must move close to the psychologist, in fact to the psycho-analyst. It is not only mass psychology that historians have to consider when dealing with crises in the life of man but individual psychology of great leaders and decision makers. The psycho-analytical study of Wilson by Sigmund Freud is an example of how such a study leads the student into areas of truth about individual personalities not normally accessible to historians who work with their traditional tools. A total study of the personal lives of consequential persons, not from the romantic biographical angle recommended by Carlyle and popularised by Macaulay but from the scientific psychological angle has become a necessity now if personality studies ought to be realistic.

A new technique of employing even computers to study certain historical problems has but extremely limited utility to historians who will welcome precision tools for calculations when they are essential and needed, but will still have to depend on judgment for evaluations not amenable to quantification.

The theory of history is a philosophical essay; psychology helps us understand

3. *Vide*. Fischer: *Historical Fallacies*.

motivation of which the economic is said by some to be paramount while a few others consider that Homo economicus is ultimately motivated by Eros; political science sketches the boundaries of Power, a central phenomenon in structured civil society; law sets the limits for freedom and constitutions are the framework within which civilized societies function. All these are relevant to and must supplement the historian's basic study of the chronological sequence of consequential public events. Of the many problems a historian may have to face, an important question can be about the origins of poverty and the identification of the poor.

II

Who are the poor? calls for a definition of a class of persons currently found in a certain condition in society. The poor are *obviously* those who are 'deficient in the necessaries of life', but only obviously so i.e. what are necessaries and of what kind of life may need further clarification before the identification can be satisfactory. The word has almost always carried an economic meaning i e. the poor are identified as the economically poor since poor-house, poor-law, poor-rate etc. have invariably a reference to the low and deficient economic condition of the concerned person. But one can consistently with the etymology of the word think of groups of persons deficient in things other than mere material possessions also as poor; eg., a learned class of ascetics or monks may be economically poor, even poor by choice, but rich in influence and power. The numerically strong poor can use that strength against the small number of the monetarily rich from whom they can withhold the sinews of power needed for production, thereby providing that the strength of the rich is contingent upon the acquiescense of others in that strength. The revolutionaries of France and the proletariat of Russia were rich in the ultimate means to exterminate their contemporary bag-barons. A people enjoying the capacity to utilise extensively available natural resources have the means to become rich while those who cannot exploit advantageously the potential wealth of one's country will still be poor even as illiterate owners of books will still be free from knowledge. Inherent abilities are an index to potential prosperity while inherited or exploited wealth in the hands of those who do not know the mechanism of production would be a liability rather than an asset. The benefits of such wealth will be offset by the expense needed to guard it, just as the possession of an economically backward imperial outpost can be a liability in view of its having to be defended against possible aggressors. This holds good in the realm of individual private wealth also.

While it is desirable to keep the economic criterion for the identification of the poor on surface other varieties of poverty which ultimately link up to create marked deficiency in the possession of the necessaries of life must not be lost sight of. Poverty of know-how leads to poverty of production which leads to short supply of goods as well as poverty of employment all of which result in lack of satisfaction of economic and other desires and poverty in general follows. Thus one kind of poverty leads to other kinds of poverty. In any society we have the following possible types of the poor: (1) The aged non-pensioners unable to work or unable to secure work due to superannuation rules. They become dependents on their earning sons whose capacity to maintain them may or may not be adequate. These aged persons in the absence of sufficient and universal old age pensions drift into poor homes or take to beggary. (2) The children of poor parents either become child labour or remain neglected at home

i.e. without adequate provision of food, clothing and medical care. Both categories will suffer from malnutrition. (3) The unemployed who may be competent qualified persons seeking jobs but not getting them; (4) unqualified persons i.e. unemployable ones seeking jobs but not picking them; (5) employable persons seeking jobs for which they may not be fit. (6) The rural poor and the urban stay-at-homes preferring a local low-wage job to a high-wage one in a distant place; (7) the ill and convalescent requiring aid and attention but not getting them; (8) the handicapped who may or may not be willing to do some work but are denied all work; (9) the beggars who may be called the professionally poor who have a vested interest in poverty and who thrive on tourists and the charitably disposed are the major categories of the poor. Poverty breeds itself and unless actively checked and abolished by state effort it will perpetuate itself. Women in India are a special category of potentially poor. If the traditional coherent Indian family breaks, the number of women who might become helpless poor could be staggering and if the sentiment of respect to elders also disappears the problem of the aged parents might become equally challenging.

All countries speak about poverty as a social problem faced by them not excluding the U.S.A. But a comparison among certain comparable data between the U.S A. and India will be eloquent testimony to the special nature of Indian poverty. The population density (1971) of the U.S.A. was 22 persons per sq. K.M.; for India it was 182. The energy consumption per capita for the United States was 3,200 calories per person per day (mid 1960s); for India it was 1,940 and the lowest among 18 nations with the exception of Angola in Africa and Bolivia in S. America. The estimated G.N.P. per capita for the U.S. was 4,758 while for the world it was 881 (1970); for India it was 96 which is less than the 103 of South Asia. This is out of 41 countries for which G.N.P. estimates were published and of them India was the lowest. But an interesting aspect of Indian poverty is that the disparity between the rich and the poor is very high i.e. the share of total money income going to the richest fifth in the country was 50% and the poorest fifth 7% while the gap was less in many other countries. It has been noted that in the less industrialised countries the poor received smaller shares than in the industrialised countries. In the less developed countries, particularly India, the middle classes especially those holding white collar jobs and members of clerical establishments faced with rising prices and receiving salaries which cannot keep pace with the spiralling price level, a sizeable number tends to drift towards the poverty line[4] soon to disappear beneath it.

Poverty is relative to the level of prosperity in a country and is determined not only absolutely in terms of the minima prescribed by the health services, the educational authorities etc. and the ability to secure the barest essentials of life but also attitudinally; the masses in the Indian country-side mostly rural areas leading a perpetually substandard life are not only unaware generally speaking of other standards of life but also reluctant to bestir themselves to change their condition.

III

The part II of the paper has tried to identify major areas of poverty in our society. This cannot be remedied merely by a survey of contemporary conditions,

4. The statistical data quoted here are from *the U.S. poverty in world perspective* by J. R. Kasun, *Current History*, June 1974.

for the roots of present day poverty go back to centuries ago. The study of the contemporary poor — identifying them, analysing the cause of their poverty and the ways of abolishing it are exercises in economic survey, but a uni-disciplinary approach to problems like this can have disastrous and fantastic results; as in the case of a techno-economic survey conducted recently in Madras arriving at funny conclusions like every Tamilian home having an automobile and a couple of T.V. sets by A.D. 2000. This particular survey adopts the techniques and methods of the N.P.C of India which puts all its planning eggs in the economic basket and ignores the demands of associated disciplines which alone can provide the necessary correctives to this uni-disciplinary approach. The problem of the poor therefore assumes proportions and develops dimensions unsuspected by the economists. The quality of statistical surveys is that they are neutral and convey no sense of *human value* which is integral to any human study. Economic analyses which proceed on certain rigid assumptions regarding human nature and try to understand the economic ills of human groups commit the mistake of overlooking the plain fact too well known to historians that the economic condition of a people, in fact any condition of a people will be the direct product of their 'culture' which is equal to the sum total of their past. The optimistic but unscientific assumption that human nature (individual as well as social) every where and always is the same and will act and react in a certain given way—in short that Homo economicus is an exclusively economic creature with an unalloyed craving for the fundamental material needs—is at the root of much of the disappointment to which economists here are heir. Repeatedly we have seen this demonstrated in the efforts of our economists to tackle the problem of obstinately persistent Indian poverty. This is caused by refusing to benefit by the experience of the psychologist, the geographer (except to a limited extent), the educationist and so on. The inter-disciplinary area will cover mainly the experience of the historian who knows the nature of the human material and the antecedents of the present condition and story of previous attempts to tackle similar problems and wherefore of their success or failure. In India failure of the monsoon leading to periodical famines, lack of technical knowledge to tackle the situation and the consequent fatalist attitude, the super-structure of national character based on this are the Index of popular non-participation in state-sponsored economic drives. An assessment of the human material, the quantum of the resistance if will offer for a variety of reasons to particular kinds of education must be the concern of the educational psychologist. The as yet uncharted areas of inter-disciplinary attack on the problem are bound to be the most crucial areas of investigation and these will include large scale and detailed attitudinal studies, backed by unbiased historical knowledge of the human material. If such studies are undertaken the gravity and magnitude of the problem of the poor will be more obvious and therefore chances of remedying the situation may brighten, since cure depends absolutely on diagnosis, and doctors who are specialists in dealing with certain diseases must not imagine that every patient is suffering from them, but shall call in other specialists and take their aid.

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